Volume XVI.] *June, 1901.* [*Number 2.*

POLITICAL SCIENCE QUARTERLY.

THE ECONOMIC AGES.

IN those delightful writings which Mr. Alfred Russell Wallace has brought together in the volumes entitled *Studies Scientific and Social* and which include, with discussions geological, biological and anthropological, other discussions that are economic, political and educational, the reader finds a chapter described by the headline, "The Problem of Utility." Naturally, if he is familiar with modern developments of economic theory, he will assume that the great English evolutionist, who shares with Darwin the honor of having discovered the process of organic evolution by natural selection, has found time to give his attention to the abstruse problems associated with the names of Cournot, Menger, Jevons, Walras and Von Wieser. Upon turning, however, from the table of contents to Chapter XVIII itself, one discovers that it is further described by the question, "Are Specific Characters always or generally Useful?" and by the following quotation from an article which Mr. Wallace published as early as 1867 :

> Perhaps no principle has ever been announced so fertile in results as that which Mr. Darwin so earnestly impresses upon us, and which is indeed a necessary deduction from the theory of natural selection, namely, that none of the definite facts of organic nature, no special organ, no characteristic form or marking, no peculiarities of instinct or of habit, no relations between species or between groups of species, can exist but which must now be, or once have been, *useful* to the individuals or races which possess them.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The principle thus described Mr. Wallace calls "The Principle of Utility." As thus employed, the phrase sounds strange to ears that have grown familiar with such locutions as "final degree of utility," "marginal utility" and "subjective utility." The modern economist has ceased to think of utility apart from the psychological facts of want and satisfaction. Yet none would deny that Mr. Wallace's employment of the word is an old and common one. Moreover, it would not be inconsistent with one definition given by Jevons — namely, "a *circumstance of things* arising out of their relation to man's requirements" [1] — if for the phrase "man's requirements" we might substitute the words "the requirements of a living organism." Such a substitution, however, would distort Jevons's conception and that of the whole school of writers to which he belongs. For Jevons elsewhere says: "Whatever can produce pleasure or prevent pain may possess utility." It is by the latter definition that we should interpret his phrase "man's requirements." In the last analysis, according to the modern economists, man's requirements are the diminution of pain and the increase of pleasure.

Thus, plainly we have two distinct notions of utility: one a concept of utility as objective, which plays a large part in the theory of biological evolution; the other a concept of utility as subjective, which is the foundation of modern economic theory. Utility objective is a circumstance of things arising out of their relations to organic life. It is a realized capacity to maintain life or to develop it, and the life so served may be conscious or unconscious, animal or only vegetal. Utility subjective is a pleasure-producing or a pain-preventing circumstance of things, itself varying with a state of mind — want or satiety — and consciously known or recognized as a cause of conscious satisfaction.

Not only in their employment of this somewhat technical word "utility" do the biologists and the economists reveal an interesting divergence of thought, but in their use of the words "economy" and "economic," as well, they present a significant

[1] Theory of Political Economy, ch. 3.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

contrast. The economist, however deeply tinged his ideas may be with the color of modern biological knowledge, habitually thinks of economy as a practice or condition of human beings who have acquired arts, and who produce wealth — *i.e.*, exchangeable goods — by means of industry, well regulated by "business methods." Inherent in this conception — an almost essential part of it — is the notion that economy presumes a conscious being, endowed with capacity for pain and for pleasure, to plan and direct the economy and to profit by it. It is a notion that, after all, "economy" is only a refined form of the Greek "housekeeping," which the word originally meant.

From the Greek οἶκος, however, a far more general concept has been derived, and it is this which we straightway encounter when we turn from the pages of the economists to those of the biologists. Housekeeping is a system of activities and relationships that subserve the well-being of the housekeepers. Hence is derived the highly general notion of "economy" as any system of activities and relations which furthers the well-being of any class or species of living things. This is the biological meaning of the word, and we have therefore such phrases as the "economy of the animal kingdom," "the economy of the vegetal kingdom" and even — the most general concept of all — "the economy of nature." In these notions there is no implication of consciousness, of pleasure or of pain, and no presumption of intelligent planning or management on the part of the organisms that are benefited by their economy. The thought is altogether objective.

The immediate bearing of these reflections is upon a question that in recent years has been a good deal discussed and, as appears from many current economic writings, is not yet laid by as finally answered — the question, I mean, of the genetic antecedence of economic to social phenomena, or of social to economic, and the derivative question of the logical antecedence of a science of economics to a science of sociology, or of a science of sociology to a science of economics. In the light of a distinction which has just been drawn between the economist's

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and the biologist's use of words, the position of economists who have contended for the priority of their science and the phenomena that it investigates is certainly a curious one. If it is, indeed, true that economic phenomena imply conscious intelligence, systematized industry and "business methods," even if no more complex than those of the οἶκος management of old Hellas, it cannot be maintained that economic phenomena are antecedent to those of social relations. If, on the other hand, economic phenomena are in reality fundamental and if economic processes are, as so many economists contend, the causes of social evolution, — a contention that has been worked up into something very like a cult, by the expounders of the economic or "materialistic" interpretation of history, — then it is incontestable that the economists must drop the economic conception of "economy" and adopt the biological. The ulterior purpose of my present paper is to show that, even if they should resort to the latter curious proceeding, they would be no better off than before.

The theses which I undertake to prove are: *First*, that in every stage of the evolution of life, from that of the lowest vegetal organisms to that of the highest human consciousness, economy is a function of two variables, namely, (1) the physical environment, (2) a plural number of living organisms or individuals; *second*, that the relation of these two variables to each other, which may at any time be affected by changes occurring in the physical environment, is at all times largely determined by the relations which the organisms or individuals in plural number sustain to one another; and, *third*, that economy, as thus determined, is developed through three great stages or ages, which I shall call, respectively, the Organic Economy, the Instinctive Economy and the Rational Economy, and that for unnumbered generations the rational economy is an Animistic and Ceremonial Economy before it becomes a Scientific and Business Economy. An analytical description of these economic ages will constitute the sufficient proof of my three propositions.

We begin, then, with the organic economy. This phrase must

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

be interpreted as an abbreviation of a longer expression — to wit, the economy of living organisms devoid of mentality, or of organisms in so far as they are complexes of physiological, but not also of psychological, phenomena. It is the economy of the vegetal kingdom, and of the animal kingdom in so far as animal life is physical and not mental. From the standpoint of evolution it is the lowest stage in the economy of living things, and from the standpoint of time it is the primal economic age — the economy that must have prevailed before the dawn of that elemental sensibility in living things which was to develop into conscious intelligence.

So understood, organic economy is a system of activities and relations that subserve the well-being of merely vegetal organisms and of all organisms in so far as they are physical and not psychical existences. In what, then, does that system of activities and relations consist? The answer has been given in elaborate detail in the writings of Darwin, Wallace, Asa Gray and later evolutionists. The activities include alimentation, the waste and repair of tissue and reproduction. Before Darwin's day an account of these processes would have been an extremely simple affair. Each would have been described in terms of observations made upon single and separate organisms, with but slight intimation that at every instant the physiological processes were vitally conditioned by the relations of coexistent organisms to one another. Darwin revolutionized the description by showing that alimentation was conditioned by a struggle for existence, and that metabolism and reproduction were conditioned by natural selection, a result of unequal alimentation and other consequences of the struggle for existence. In short, Darwin and the Darwinians first gave us an approximately complete account of organic economy, and the precise fact, previously ignored or misunderstood, which they brought into prominence and explained the significance of, was that of the varying relations of coexisting organisms to one another, whereby the whole scheme of organic economy was, from point to point and from generation to generation, determined.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Nor is it merely the relations of organisms of many species indiscriminately mingling in the same environment that thus determine the scheme of organic economy. Most important of all relations are those subsisting among individual organisms of the same species and, above all, of the same subspecies or variety and of the same generation. Between widely unlike species there may be mortal antagonism or there may be a relation of mutual protection. Precisely the same is true of the individuals constituting a variety, except that now the relation of mutual protection is more important than the relation of antagonism. In the struggle for existence among the hundreds of varieties of plants in any garden or field there is, indeed, a continual crowding to the wall of weakly individuals by competitors of their own kind; but in the long run it is whole kinds that are crowded out, while large tracts are overrun by the multiplying individuals of a single kind, whose very numbers and contiguity are their chief protection against the encroachments of any other species. Every individual stem of lichen, moss or fern is protected by surrounding masses of organisms like itself; every blade of grass or grain, by thousands of such blades; and every pine "in the murmuring wood," by the forest of pines about it. Thus in the realm of merely organic life we discover the economic importance of a grouping in one place of many individuals of the same kind. And this grouping and mutual protection of individuals of like kind, though hardly to be described as a social fact, is yet an incipient social phenomenon. It is a subsocial grouping, the beginning of phenomena that are to develop into social relationships.

How organic economy shades into instinctive economy we very imperfectly know. Manifestations of sensitiveness in nervous matter we can perceive. Reflex actions developing into coördinated movements can be observed. But sensitiveness itself, and the process by which it develops into sensation, into pain and pleasure, and ultimately into intelligence, are facts which arise out of and disappear into the unknown. But, whatever the process, when the phenomenon of response to stimulus has appeared in the organic world, a new development

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of economy has begun. Generations, numbered probably by millions, must live and die before this phase of economy can become a conscious calculation and creation of utilities, but the well-being of the sensitive organism is now furthered by means vastly more complex than those which suffice for non-sensitive organic life. Movement from place to place by the organism itself, and the ability of the organism to move things from place to place, have become factors of immeasurable importance in the economic scheme. Pain and pleasure, too, we have every reason to believe, have appeared as subjective factors.

But thus far all adaptations of external things to the uses of the organism are instinctive; they are not yet rational. The exquisitely delicate work of the wasps and bees in making their nests, the beautifully complicated labors of the nest-building fishes, the marvelously skillful weaving and sewing and clay modelling of birds, the coöperative hunting and fishing and the socially organized defense against enemies seen among both birds and the gregarious mammalia — all these are merely instinctive operations or, if some small measure of reason enters into them, it is so small that the comparative psychologists are as yet doubtful of the fact.

Now, instinctive action is not in any sense of the word a phenomenon of the conscious adaptation of means to ends, as educated human beings understand this term. Instinct does adapt means to ends. The means are seen or otherwise felt; the ends undoubtedly bring with them pain or pleasure. Nevertheless, there is no more reason to suppose that conscious planning is a connecting link between means and ends than there is to suppose that the musician consciously plans every muscular coördination when in an abstracted mood he lets his fingers wander carelessly up and down the keyboard, creating harmonies of which he is hardly half aware. The entire coördination is a product of nervous and muscular habits formed under the influence of natural selection, through endless repetitions of the same acts. Even where, to superficial observation, there is every appearance of conscious adaptation, there

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

is no certainty that reason has intervened. Thus, for example, there are well-authenticated observations of the apparently deliberate use of a pebble by the *ammophila* to tamp and smooth fine earth about her nest.[1] Yet this conduct can probably be explained as instinctive.

In short, in the whole marvelous economy of the animal kingdom, from the *protozoa* to man, there is no certain trace of what the modern subjective economists could by any stretch of meaning call economic. There are adaptations of means to ends which originate in nervous reactions. The welfare of the organism which is subserved includes a subjective element. Pain and pleasure have appeared, and the adaptation of means to ends tends on the whole to allay pain and to increase pleasure; but as yet subjective utility — that is, a circumstance of things varying with subjective want or satiety, and consciously recognized as the cause of an agreeable state of mind — does not exist. Only the elements out of which it may slowly be developed have come into being.

Yet, to an extent far greater than in the sub-instinctive or pre-instinctive organic world, economy has become a function of the relations of individuals to one another, at every moment determining the relations of each individual to the purely material environment. Readers of Darwin, Wallace, Brehm, Kropotkin, Romanes and Lloyd Morgan do not need to be told that every food-getting and nest-building instinct, as well as every protective instinct in the animal kingdom, has been influenced quite as much by rivalry and combat as by the mere quantity of food, the nature of the inhabited earth or water, or the meteorological conditions which have entered as factors into the struggle for existence. In a yet greater degree, perhaps, have all these instincts been developed through imitation. Not infrequently imitation occurs among creatures most widely unlike. But, from its very nature, imitation is easy and successful in proportion as the imitator resembles the imitated. It follows that, to an enormous degree, instinct is a product of

[1] Peckham, "Instincts and Habits of the Solitary Wasps," *Wisconsin Geological and Natural History Survey*, Scientific Series, No. 1, pp. 22 and 23.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the closely related activities of creatures of the same kind, living together in a common habitat. Under these circumstances instincts have become socialized, and social instincts and emotions — including not only a vague sympathy, but in many instances an unmistakable affection — have arisen.[1] Even more than a subsocial aggregation determines well-being in the vegetal kingdom do instinctive association and social instinct determine the well-being of an animal species. In fact, ages before man appeared upon the earth, and ages before any creature existed that could have entertained the concept of subjective utility, economy had been developed to the stage in which coöperation and the division of labor count as factors of the first importance.

Since the evolutionist doctrine became a part of the common stock of ideas among cultivated people, economists have avowedly or tacitly assumed that the economy of modern industrial humanity was through various stages developed out of the instinctive economy of lower animal species. The "historical economists," in particular, have prided themselves upon their distinctly modern evolutionary conceptions. They have even described for us in elaborate detail the early stages of this evolution. It seems, so our historical economists say, that in the beginning was a "hunting stage"; then, in the course of ages, appeared the "pastoral stage." At length, after some more ages, dawned the "agricultural stage," and finally, in the fullness of time, came to fruition the "industrial stage" — the end and consummation of nature's eons of travail. With all due respect to the historical economists, I must protest that this economic philosophy of history is inadequate. It fails to grasp the actual facts which have marked the transition from instinctive to rational conduct in the human species. Not that there is anything untruthful about it as far as it goes. It is true that man hunted and fished before he learned how to milk, and that he probably had made some

[1] See on this phase of evolution Sutherland's Origin and Growth of the Moral Instinct and my review of that work, in the POLITICAL SCIENCE QUARTERLY, XIV, 177 (March, 1899).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

progress in the dairy business before he learned how to yoke the oxen to the plough, although not before his squaws had learned how to tickle the earth with a stick. But it is also true that historical economists too often have a keener sense of chronology than of value. This "historical" scheme of economic evolution, then, is as accurate as the multiplication table; but it is one from which everything of real significance in economic evolution is as carefully omitted as *lèse majesté* from a chancellor's address.

The real question for which we should, if possible, find the answer is this: How did the human mind, slowly developing from instinct to reason, successively grasp the environment, successively interpret the relations of cause and effect and successively attempt to control the processes of nature in the interest of human welfare? Of course the primitive man caught fish and killed game; but did he fish like the Rev. Dr. Henry Van Dyke or hunt like the Hon. Theodore Roosevelt? And, what is more important, did he think of man's relation to the fish as Mr. Van Dyke thinks of it, or of his relation to very fierce beasts as our redoubtable Vice-President thinks of it?

It so happens that we have an overwhelming mass of evidence that primitive man would have thought it absurd to the last degree to go "a-fishing" with no better equipment than a beautiful rod, a nice little basket, a choice assortment of flies, a dainty luncheon and a vest-pocket edition of Keats. He would confidently have lotted on meeting an ignominious death, if he had gone forth to battle with the mountain lion with no better implements than the "latest improved" rifle, a bowie knife, a brace or two of pistols and buckskin leggings. The primitive man would have made from a bit of wood as neat a carving of the fish as his artistic instinct and humble tools could fashion, and would have put it in the water to swim in the direction which the fish usually followed. Then he would fervently and believingly have prayed to the fish to come; and this would have caused them to arrive at once. When he went hunting, he would first have made an ingenious trap; then he would have clothed and decorated himself in the best possible

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

imitation of the ferocious beast to be caught. Mere buckskin leggings might, indeed, have had some virtue at this stage of the procedure, but on the whole the primitive man would have thought them insufficient. Having completed these preparations, he would nonchalantly have strolled off into the woods in the direction of the trap and, quite carefully failing to see it, have very carelessly fallen into it, crying out in alarm that he was caught. Then, regaining his composure, he would have extricated himself as best he could, and readjusted the trap, knowing with certainty that the first ferocious beast that unwittingly strolled that way would be caught and done for.

These fables teach that the economy of the primitive man is as unlike the economy of his modern child, even when the latter reverts to the "hunting stage," as the savage theory of creation is unlike Darwinism. The primitive man's economy is no longer merely instinctive. He has ideas, he consciously contemplates his situation, he perceives relations which the lower animals have never discriminated, and his imagination runs riot in explanatory activity. And yet it never once occurs to him that his well-being is to any great extent within his own control, least of all that by systematic labor, directed by "business methods," he could become master of his economic situation. He is beginning to be rational, but he is not yet scientific. He views the world as a marvelous aggregation of animate objects, possessed of mysterious and often amazing powers for good and for evil. His well-being, as he believes, depends almost entirely upon his relation to those powers.

Instinct is relatively unerring in its action. The instinctive bee does not experiment with new geometric designs in constructing its cell. The instinctive bird goes about its nest-building business with a directness that might well be the envy of the human architect or contractor. There is no hesitation at any point in the instinctive economy of the animal kingdom. But reason is never unerring, never unhesitating. While instinct is correlative of the adaptation of an organism to those facts of the environment which remain constant, reason is correlative of that variation from old adaptations which an organism

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

must make to a changing environment or to the varying features of an environment in which some features remain constant. Reason, therefore, always means choice, and choice means some hesitation, some deliberation. Accordingly, the rational economy of man, unlike the instinctive economy of the animal, is marked by perplexity, by doubt, by experimentation and the slow, painful process of discovery. Inevitably, therefore, rational economy develops by stages which can be understood only if we can trace the progress of man's intellectual development. The "obvious" stages of "hunting," "pasturage" and so on will doubtless still go chiming down the ages in the Mother Goose philosophy of history but, as was said, they have no scientific significance. Are there, then, any indications, psychological and historical, whereby we may discriminate the ages through which a rational economy has been evolving?

From the psychological point of view, it seems accurate to say that constructive reason begins with guessing, or, conjecture. All authorities agree that the transition from instinct to reason is seen in the warfare of "contrary impulses" which is so admirably described by James[1] and in that "hesitation" which is emphasized by Marshall.[2] Circumstances having arisen, through some change in the environment — usually not the material, but the social environment — in which instinct no longer can guide the organism aright, the mind begins to "wobble." It casts about more or less wildly for an answer to its questionings, and that casting about or conjecturing we call in our everyday speech merely guesswork.

Now guessing, as we all know, is the prevailing intellectual method of childhood, when reason is struggling with instinct for supremacy. It is the confirmed intellectual method of ignorant and undeveloped minds, in which reason is arrested at the childhood stage. Guesswork, however, is extraordinarily fallible as a guide to action. Sometimes it pierces the situation by a happy intuition, and sometimes it hits disastrously wide

[1] Psychology, II, 389–393.
[2] Instinct and Reason, pp. 417 *et seq.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the mark. Stumbling along a miry road on a dark night, the backwoodsman comes to a swollen stream and "guesses" that he can ford it. Plunging in, he finds it not half so deep or so violent as it looked, and he emerges on the other side complacently glad that he isn't the kind of fellow to be too easily scared. This reflection, however, is not the only idea in his mind at the moment. He is at the same time blessing his "good luck." Had it turned out that the stream was more formidable than he had guessed, and had he reached the farther bank barely alive and mourning the loss of his horse and outfit, he would have been found not only chagrined over his bad guessing, but also energetically damning his bad luck. A strong belief in luck, in fine, always coexists with the guesswork stage of intellectual activity. The guess hits or goes astray, and luck does the rest.

Thus far the psychology of the primitive human mind as it survives among ourselves. How is it with the primitive human mind as it survives among savages? All observers unite in testifying that the lowest savage reasoning is purely conjectural, and that one of the strongest beliefs of the lowest savage is his ineradicable faith in luck. The element of industry enters into the economic life of the savage as largely, possibly, as it does into the economy of the lower animals. The savage looks for food and puts forth effort to appropriate it. He sometimes constructs rude weapons and equally rude tools. He sometimes builds a rude shelter and sometimes contrives a bit of clothing. Yet in all this economic activity he is disturbed and made doubtful of his procedure as the instinctive animal never is. If the savage gets the idea into his head that luck is against a particular plan of procedure in his hunting or fishing, or is against a certain pattern of construction, his economic activity in these directions is instantly inhibited. He then loafs about until guesswork and luck suggest some new procedure. That this is the true explanation of the seemingly paradoxical fact that the primitive man, a little higher in the scale of existence than the highest quadrumana, is often less industrious and much less systematic in his economic activities

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than many lower species are, cannot, I think, be questioned by any investigator familiar with both the psychology and the sociology of savage groups. The fact is not, however, as paradoxical as it seems. A luck economy is the first stage of a rational economy, and the very lowest sort of rational economy is a degree advanced beyond the highest instinctive economy. It is precisely because the savage does hesitate and trust to luck that he breaks down a lot of habits which would have been fatal to progress and, more or less by accident, adopts many new ways in which the potentiality of progress lies.

One test of any hypothesis concerning the early stages of an evolutionary process is found in survivals of each early stage in a later time. What was chronologically first to a great extent survives as the structurally or functionally low, just as the rocks old in time are in position deep down in the stratification.

Do we, then, find in civilization significant survivals of the luck economy? Turn to the pages of Hesiod and read over again the *Works and Days*, but especially the calendar of lucky and unlucky days at the end:

> Mind well, too, and teach thy servants fittingly the days appointed of Jove. . . . The eleventh and twelfth, both in truth are good, the one for shearing sheep, the other for reaping laughing corn: but the twelfth is far better than the eleventh, for on it, look you, the high hovering spider spins his threads in the long summer day, when also the wise ant harvests his heap. On this day, too, a woman should set up her loom, and put forth her work. But on the thirteenth of the beginning of the month avoid commencing your sowing; though to set plants it is best. The sixteenth, however, is very unprofitable to plants. . . . Nor, in truth, is the first sixth day suitable for the birth of girls, but a favorable day for cutting kids and flocks of sheep, and for enclosing a fold of sheep. . . . On the eighth of the month emasculate the boar and loud bellowing bull, and on the twelfth the toil-enduring mules. . . . On the seventeenth watch well, and cast upon the well-rounded thrashing floor Demeter's holy gift; and let the wood cutter cut timbers for chamber furniture, and many blocks for naval purposes, which are fit for ships. . . . Now, few, again, know that the twenty-ninth of the month is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

best both for broaching a cask, and placing a yoke on the neck of oxen and mules and fleet-footed steeds. . . . On the fourth day open your cask.[1]

Hesiod and the graceless agricultural brother whom he admonished lived long ago, to be sure, yet the practical American of the twentieth century need not plume himself on being much less a devotee of luck than was the imaginative Greek. Give the average American his choice between making a certain competence by diligence and good judgment or possibly making a fortune by operations in stocks, and he will take the gamble every time. Endless protestations by "the moral element" have only demonstrated that the love of gambling is one of the strongest of human passions. Guesswork and a belief in luck, in fact, run through all our business undertakings and bring to naught innumerable promising enterprises. I have often wished that some ingenious statistician would compute the annual average loss of property and of life in the United States directly attributable to the belief in luck. The railroad corporation takes its chances with wornout rails and decrepit bridges and pays hundreds of thousands of dollars in damages. The owners of buildings take their chances with "jerry" construction and see their property disappear in collapse or in smoke. The shipowner takes his chances with rotten hulks on the sea, and the banker with rotten securities on the street. One and all, they are devotees of luck. Even the religious beliefs of this most secular and most sceptical of peoples are permeated through and through with the primitive man's philosophy of luck. I distinctly remember in my boyhood hearing old ladies tell how such and such an individual, who carried about with him through life a name that was enough to make him go out and "finish in style" like Judas, was named by his pious progenitor by opening the Word of God at random and inflicting upon the helpless babe the first outlandish cognomen that attracted the eye.

The second stage in the development of reason, following close upon the guessing or conjectural, is that of reasoning

[1] The translation is that of the Bohn Library Edition.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

from analogy. The mind begins to form conclusions by assuming that essential resemblance, or identity, goes with superficial likeness. Imagination is a lively coadjutor of reason at this stage, and the reasoning is as likely to follow the psychological laws of the blending of mental images as to obey any law of logic. Yet, even so, it enormously multiplies the number of possible ways in which man can experiment in his economic life. Imagination, however riotous, corresponds on the whole a little better than conjecture to objective possibility. In other words, experiments suggested by imagination and analogy are likely to yield a larger percentage of successes than experiments suggested by mere guesswork.

Now it is quite in keeping with the nature of things psychological that we discover, at a certain stage in the evolution of savage culture, a wonderful system of thought and practice which corresponds accurately to the analogy-loving stage in the development of reason. That system is known as magic. Until very recently magic has been regarded by ethnologists as all of a piece with ghost worship and primitive supernaturalism in general. Certainly it is not at first differentiated from animism, and it is well charged with animism to the last. Nevertheless, a careful analysis has led the most cautious and painstaking of later investigators to conclude that magic, instead of being the beginning of supernaturalism, is, in reality, the beginning of naturalism, in a word of a natural philosophy. Ethnologists "in the field," like Spencer and Gillen in Central Australia, Miss Kingsley in West Africa and W. W. Skeat in the Malay Peninsula, quite unconscious of each other's researches, have almost simultaneously arrived at this conclusion, and the whole matter is admirably summed up by that tireless and delightful scholar, Mr. J. G. Frazer, in the new edition of *The Golden Bough*. The fundamental principles of magic, according to Mr. Frazer, can be reduced to two, namely:

> First, that like produces like, or that an effect resembles its cause; and second, that things which have once been in contact but have ceased to be so, continue to act on each other as if the contact still existed. From the first of these principles the savage infers

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

that he can produce any desired effect by merely imitating it; from the second he concludes that he can influence at pleasure and at any distance any person of whom, or any thing of which, he possesses a particle.

That this philosophy is the natural product of human reasoning in the pictorial stage of its development is too plain for argument. Naïvely accepted as obviously true by the savage mind, it gives plan and direction to the entire scheme of economy. Examples of its application to fishing and hunting have already been given. Others could be added almost without limit. When an Aleut has wounded but not killed a whale he promptly separates himself from his people for three days and, abstaining from food and drink, snorts in imitation of a dying cetacean. This helps the whale to die.[1] The Galelareese of Halmahera — an island west of New Guinea — when going out shooting are careful to put a bullet in the mouth before dropping it into the gun. By thus imitating the eating of game, success in hunting is rendered certain.[2] A Blackfoot Indian who has set a trap for eagles will not eat rosebuds, because, if he did, when an eagle alighted near the trap the rosebuds in the hunter's stomach would make the bird itch and, instead of swallowing the bait, the eagle would merely sit and scratch itself.[3] When a Malay has baited a trap for crocodiles he is careful in eating his curry to begin by swallowing three lumps of rice successively. This helps the bait to slide easily down the crocodile's throat.[4] Spencer and Gillen have described in minute detail the elaborate ceremonies performed by the Central Australian natives for the purpose of multiplying the witchetty grubs which are an important means of subsistence. Men of the witchetty grub totem build a long narrow structure of branches in imitation of the chrysalis case of the

[1] I. Petroff, Report on the Population, Industries, and Resources of Alaska, p. 154.

[2] M. J. van Baarda, "Fabelen, verhalen en overleveringen der Galelareezen," in *Bijdragen tot de Taal-Landen Volkenkunde van Nederlandsch Indie*, XLV (1895), 502; quoted by Frazer, Golden Bough (second edition), I, 25.

[3] G. B. Grinnell, Blackfoot Lodge Tales, pp. 237, 238.

[4] W. W. Skeat, Malay Magic, p. 300.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

grub. In this bower the men seat themselves and sing of the witchetty in its various stages of development. At length they shuffle out in a squatting posture, singing of the insect emerging from the chrysalis. This insures an abundance of grubs.[1]

Survivals of imitative magic are not quite so easy to identify in later civilizations as are survivals of the economy of luck, yet they are by no means infrequent. Many of the festivals connected with agriculture among the Greeks and the Romans, and similar festivals surviving until a comparatively recent period in parts of Central Europe, are clearly of this nature. In nearly all of these festivals a pantomimic element in the songs and dances and in the processions around or back and forth across the fields is associated with a sacrificial element of later origin. The pantomimic element may without much hesitation be regarded as a survival of the age of magic. The myth of the burning brands tied to foxes' tails, which we find in the story of Samson, and again in the Fasti of Ovid,[2] is believed by Mannhardt, Frazer and others to have originated in the very widely spread notion that the fox's tail bears a close resemblance to the ear of wheat. Professor Gubernatis[3] quotes a modern Italian folk tale in which a fox is frightened away by chickens, each of which carries in its beak an ear of millet. The fox is told that these ears are all foxes' tails, and he runs. It is highly probable that, in a long-forgotten past, the foxes were let loose to run over the fields, that the magic influence of their tails might insure an abundant harvest; and it is likely, too, that the burning brands were imitative and symbolic of the light and heat that would also be necessary to ripen vegetation. Such a use of the brand is, indeed, so obviously in keeping with the whole spirit of the imitative magic that one is surprised to find Fowler, commenting upon Ovid, saying: "If the foxes were corn spirits, one does not quite see why they should have brands fastened to their tails."[4] The Roman festival of the

[1] Spencer and Gillen, The Native Tribes of Central Australia, p. 176.
[2] IV, 681 *et seq.* [3] Zoölogical Mythology, II, 138.
[4] Roman Festivals, p. 78.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Parilia consisted very largely of imitative magic. The sheep-fold was decked with green boughs and a great wreath was hung on the gate:

> Frondibus et fixis decorentur ovilia ramis,
> Et tegat ornatas longa corona fores.[1]

This sort of decoration found throughout Europe to the present day at May Day, Midsummer, Harvest and Christmas, is admittedly a survival of primitive magical rites to influence vegetation. The purification of the Roman sheep by sprinkling was, in like manner, imitative and symbolic. The real purification was accomplished by burning sulphur.

That very many survivals of a magic economy could be found in our own country I have not the slightest doubt. A few practices will occur to almost every one. When John Uri Lloyd in *Stringtown on the Pike* makes Cupid turn his coat inside out in order to change his luck, he describes a practice that is by no means confined to negroes. A year ago I witnessed the magical treatment of lockjaw, on a Massachusetts farm not distant from my own. A nail driven into the hoof of a horse by a careless blacksmith was, when pulled out by the veterinary surgeon, carefully greased by the owner of the horse, wrapped in flannel and kept in a warm place until after the equine obsequies.[2] In the rural neighborhoods American farmers in large numbers still believe that hogs should not be killed in the old of the moon, because a waning moon will make the pork shrink in the pot.

A higher stage of reasoning than the analogical is the deductive and speculative, or dogmatic. The mind has grasped the difference between mere analogy and necessary implication. It has acquired logic. Granted certain premises, the deductive thinker can with a high degree of certainty arrive at necessary conclusions. He begins to reconstruct the entire scheme of knowledge. But, enamoured of logical method, he fixes attention almost exclusively upon the successive steps

[1] Ovid, Fasti, IV, 737, 738.
[2] For a like example, see Cooper, The Spy, ch. xi.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the reasoning process, often to the utter neglect of the premises upon which the whole superstructure rests. The premises, therefore, of the most pretentious system may be a lot of childish beliefs that have acquired sacredness through mere age.

It is when this stage of reasoning is reached that barbarian man, reconstructing his philosophy of nature, as represented both in magic and in the equally ancient belief in spirits or ghosts, begins to people the unseen realms of the sky, of the sea and of the underworld of earth with personalities of supernatural power; he begins to create the immortal gods. To his anthropomorphic deities he now ascribes the function of meting out good and evil. His whole welfare he conceives is determined by their attitude toward him as an individual or, to a yet greater extent, by their attitude toward the community to which he belongs. Their friendliness must at any cost be secured. They are supposed to have the needs and to be subject to the passions of men. They must therefore be propitiated; they must be well fed and lavishly praised. If the propitiator has reason to know that his deities have arrived at "the agricultural stage," he gives them corn and wine. If, however, like Cain, he reasons from false premises, he comes to grief, and the blessing falls upon the Abel who has offered meat. Thus the entire scheme of economy is now transformed. It becomes a sacrificial economy. Communities and individuals prosper in their herding and their agriculture if they are faithful and, above all, generous in their sacrifices. Everything that happens is viewed as a special providence. Droughts, famines and pestilences are punishments, to be averted, not by forestry or quarantine, but by holocausts and prayer. Glorious crops and riotous prosperity are rewards bestowed upon exemplary piety.

To recount the survivals of the sacrificial economy in civilization would be to catalogue a half of the doings of Babylonians and Egyptians, of Greeks and Romans, and of later Western peoples. More significant is it to observe specific survivals that preserve the combination of the magic economy

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with the sacrificial, as well as specific survivals of a later time which show the continuing influence of the sacrificial tradition in communities that have become materialistic and businesslike. Of the former there is probably no better specimen than the festival of the Fordicidia (April 15), one of the oldest sacrificial ceremonies in the Roman religion. It consisted in the slaughter of pregnant cows, one in the Capitol and one in each of the thirty curiæ.

> The cows were offered [says Fowler], as all authorities agree, to Tellus, who, as we shall see, may be an indigitation of the same earth power represented by Ceres, Bona Dea, Dea Dia, and other female deities. The unborn calves were torn by attendants of the virgo Vestalis Maxima from the womb of the mother and burnt, and their ashes were kept by the vestals for use at the Parilia a few days later. This was the first ceremony in the year in which the vestals took an active part, and it was the first of a series of acts, all of which are connected with the fruits of the earth, their growth, ripening and harvesting. The object of burning the unborn calves seems to have been to procure the fertility of the corn now growing in the womb of mother earth, to whom the sacrifice was offered.[1]

Here we have a perfect connecting link between the magic economy and the sacrificial. The burning of anything of value would have been sacrifice. The selection of a product and emblem of fertility, that the corn might abundantly fructify, — that was imitative magic, pure and simple.

One almost hesitates to speak of very modern examples of the sacrificial economy, even in a strictly scientific spirit, lest one should unwittingly wound the religious feelings of people whom he respects. Disclaiming all such intention, however, let me call attention to the almost unparalleled intensity of the belief in Providence which prevailed in New England down to the present generation. Among the earliest acts of the Plymouth colony was the institution of days of fasting and of thanksgiving, which were no such mere holidays as we have become used to in later times. Let no one

[1] Roman Festivals, p. 71.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

imagine that these religious institutions of the Pilgrims had any direct bearing upon the problem of weal or woe in a future life. They were religious institutions of the strictly economic order. They were supposed and expected to influence well-being in this present evil world, on the shores of Plymouth Bay, A.D. 1621. No one can read the writings of R. C. Winthrop, J. Winthrop, Cotton Mather, Bradford and Samuel Sewall, without seeing that in the belief of those founders of our Puritan statecraft in New England the people of the colonies were especially chosen of God to play a leading rôle in the outworking of the divine plan of salvation, and that to such end their economy would be guided and furthered by the Almighty to just the extent necessary to accomplish the divine purpose. Practically every event that happened — every change in prosperity, every famine or abounding harvest — was explained as essentially miraculous, and as following upon the piety or the wickedness of the colonists, rather than upon their shrewdness, their energy or their thrift. The title of Edward Johnson's famous treatise, *The Wonder-Working Providence of Zion's Saviour in New England*, perfectly expresses the habitual attitude of the early New England mind.

Is that attitude entirely a phenomenon of the past? Surely no one will venture so to say. There are Western boys still studying political economy in college classes who can remember the days of fasting and prayer that were observed in the Middle West when locusts were moving in devastating march across the great grain belt, and they will not need to be reminded that the best people of that section to this day believe and say that the locusts disappeared immediately after and in consequence of those acts of worship.

Let me now recall my main contention that in any age the system of economy then prevailing is a function not merely of the relation of an individual to a purely physical environment, but rather of the relation subsisting between a physical environment and a plural number of coexisting and resembling individuals, subsocial or social in their relations to one another.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Organic economy I showed was thus to a great extent a function of subsocial relations — that is to say, of certain groupings of resembling organisms in one given place or region. Instinctive economy, in like manner, I showed was a function of both subsocial and social relations, existing among the lower animals. In a still higher degree, it is certain, the luck economy, the magic economy and the sacrificial economy, constituting the first three stages of the rational economy of man, are functionally determined by the social relations of men to one another in their slowly developing communities. These three economies may be brought under the inclusive term, Ceremonial Economy. In one and all the specific conduct which is expected to bring economic well-being is the performance of some ceremonial act. Labor *to some extent* of course is necessary. Coöperation and the division of labor *to some extent* may be found, but these purely practical and materialistic factors in and of themselves would be absolutely unavailing, in the belief of primitive or of barbarian man. Far more thought does he bestow upon the exact performance of some rite than upon the exact performance of his labor. Far more time and wealth does he bestow upon sacrifice than upon the accumulation of a fund of capital.

But ceremony, it is quite unnecessary to argue, is purely a social phenomenon. It is developed by imitation and handed on by tradition. Equally unnecessary is it to argue that the successive developments of reason, from the conjectural stage, which goes with and produces the luck economy, through the imaginative and analogy-loving stage, which produces the magic economy, into the deductive stage, which produces the sacrificial economy, are also a product of social relations and could nowise be accounted for by the direct relationship of the individual to his physical environment. Reasoning presupposes conceptual thinking, and conceptual thinking presupposes language.[1]

[1] A clear perception of this truth has led Payne, in his admirable History of the New World called America, to break in upon his clear exposition of the economic history of the civilizations of Mexico and Peru, and to devote a large part of his second volume to an account of the nature and evolution of the American languages.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ceremonial economy is, then, from first to last, a function of the social relation.

Now at length I come to a consideration of those stages of economic evolution to which, and to which alone, the modern science of economics can be said to have an explanatory relation. It is not until social phenomena have become complicated in a high degree that the phenomena which admit of explanation in terms of modern economic concepts come into existence. The phenomena of organic economy and of instinctive economy can be and must be explained in terms of the useful potentialities of the environment, complicated by subsocial grouping or by social relations. The phenomena of the first three stages of rational economy must be explained in terms of the same facts, further complicated by that developing reason which will presently evolve the notion of subjective utility. Only when that notion comes to birth, and with it the ideas of marginal value and marginal cost, do there exist phenomena admitting of explanation in terms of modern economic science. Those ideas appear at the dawn of civilization or possibly just before. They certainly do not exist at a much earlier time. The luck economy is roughly coincident with that stage of evolution which I have elsewhere called anthropogenic association.[1] Magic economy is roughly coincident with the metronymic first half of ethnogenic association. Sacrificial economy is roughly coincident with the patronymic second half of ethnogenic association. Only with demogenic or civic association does ceremonial economy in all its forms slowly begin to give place to the business economy of the modern man, the subject-matter of the studies of the political economist.

Antecedent to this change is, necessarily, the evolution of the fourth stage of reasoning. In the third stage of reasoning, as we have seen, man has become logical. No longer satisfied with mere analogy, much less with conjecture, he reasons deductively from accepted premises to "necessary" conclusions. The fatal weakness of his procedure lies in the usual indifference of his mind to the validity of his premises. He has not

[1] Principles of Sociology.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

yet learned to subject them to a searching criticism, and he does not learn to do so until, little by little, his mind becomes in a measure inductive. Now induction, strange as it may seem, is in a certain sense a return to analogy. Systematic induction begins with observing the resemblances of things that are alike and the differences of things that are unlike, and, on the basis of resemblances and differences, sorting things into classes. Strictly speaking, the great difference between the analogical reasoner and the inductive reasoner is the difference between a thorough, exact worker and a superficial, inexact worker. Deductive reasoning, in like manner, is a development of the conjectural or guesswork state of mind. It is the careful drawing out — by exact logical steps — of whatever may be contained in a premise taken for granted — that is, in nine cases out of ten, conjectured. A few pages back I said that magic was the beginning of a natural philosophy. I may now add that belief in luck was just as truly the beginning of supernaturalism. The doctrine of magic was the product of minds reasoning by analogy and capable, in course of time, of developing into minds inductive and scientific. Belief in luck, in like manner, was the product of minds reasoning conjecturally, and sure in time to develop into speculative philosophers and dogmatists.

Only when the human mind had become to some extent systematically inductive and critically observant of premises could the real relations of cause and effect in nature be discovered; and only then could man understand that his prosperity must depend chiefly upon his systematic industry, his invention, his skillful organization of association — in short, upon the development of his business habits, rather than of his ceremonial punctiliousness. Then, and only then, could begin the later economic ages, namely: the age of Slave Economy, or of the systematic exploitation of servile labor; the age of Trade Economy, or of the exploitation of situation; and the age of Capitalistic Economy, or of the exploitation of the powers of nature.

Such a change in man's habits of reasoning probably could not have occurred without some great social disturbance to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

produce it. The social disturbance that actually did produce it was the migration and conquest which always preceded the establishment of a true civilization. Tired of a nomadic life, or goaded by the diminishing returns of herding, eked out by a barbarian agriculture in an unfertile habitat, federated tribes abandoned the home of their fathers and, falling upon a weaker people, gradually wrested a relatively fertile land from its earlier possessors and presently learned how to compel the conquered to do agricultural and mechanical task work. In this loss of old associations and in this contact with a new environment, but above all in this contact with another people, who cherished unfamiliar traditions, long-accepted premises were for the first time questioned. New categories of things and of thoughts were inductively formed. From such a shock dogmatism could never wholly recover. Aroused by such a stimulus, the scientific spirit could but undertake the mighty task of the reorganization of human knowledge. Civilization was born; and, equipped with a business economy, man at length, with some show of success, set about obeying the injunction to subdue the earth and to multiply after his kind.

To sum up the conclusions of this article, they are these:

First. If any economist maintains that a certain distribution of useful things or qualities in the physical environment is antecedent to society, he is on safe ground so far. If he chooses to call the study of such distribution economic geography, as I believe Professor Keasbey does, then he will be quite right also in maintaining that the study of economic geography is logically antecedent to the study of sociology.

Second. But if any economist maintains that utility (conceived as objective or as subjective) is identical with useful things or with the useful qualities of an environment, he is wrong. Utility is a circumstance of things in their relation to organic well-being or to a state of mind; and in either case it is a product of some activity of the organism, with reference to the useful things or qualities of the environment. In themselves the qualities of the environment are *potential* utilities only.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Third. A system of activities on the part of the organism whereby potential utilities are converted into utility is itself an *economy*.

Fourth. If at this point any economist claims that economy is antecedent to society and creates society, he may be right, but he probably is wrong. He is right only if he means that a merely organic economy of purely physical organisms is antecedent to society; he is wrong if he means that any system of economy found among animals is antecedent to animal society, or if he means that any system of economy found among men is antecedent to human society; and even in respect of merely physical life he is wrong if he means that organic economy is antecedent to a certain subsocial grouping; all *because:*

Fifth. Organic economy is a system of activities which is *caused* by the relations of physical organisms to a physical environment, but which is *formed* and *directed* by the relations of the organisms to one another — that is, by subsocial grouping; instinctive economy, in like manner, is a system of activities caused by the relations of animals to their physical environment, but formed and directed by their social relations; and rational economy is a system of activities caused by the relations of men to their physical environment, but formed and directed by their social relations.

Sixth. Economy in general is a system of activities — not originally *caused*, but always *formed* and *directed* by social relations or by subsocial grouping, whereby a community converts potential utility into actual utility.

Seventh. Society, therefore, can never be explained in terms of economic principles. Much less can it be explained in terms of utility, which is the product and not the cause of social relations.

Eighth. Society can be explained only in terms of mental evolution, which in its turn must be explained in terms of organic evolution, which finally must be explained in terms of *potential* utility, as found in the qualities of the environment.

Ninth. In other words, sociology presupposes psychology, which presupposes biology, which presupposes economic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

geography. Sociology does not presuppose economics, and there can be no scientific economics which is not based on sociology.

Tenth. Genesis, or the first appearance of any given kind or grade of life, is separated, in causal sequence and in time, from the *development* of that kind or grade of life, by the intervention of (*a*) a social correlation and (*b*) an economy. Social correlation follows genesis; economy follows social correlation; development follows economy; and *genesis* of a *higher* grade of life follows *development* of a *lower*. Development is a function of economy; economy is a function of society; society is a direct, immediate function of genesis *in pluribus*.

Eleventh. The genetic order of social and economic evolution briefly presented in a scheme, then, is as follows:

1. Distribution of useful things: Potential Utility.
2. Genesis of physical life.
3. *Subsocial grouping.*

4. ORGANIC ECONOMY.

5. Objective Utility: The welfare of a physical organism: development of physical life.
6. Genesis of animal life.
7. *Zoögenic Association.*

8. INSTINCTIVE ECONOMY.

9. Objective Utility: The welfare of an animal organism: development of animal life.
10. Genesis of human life.
11. *Anthropogenic Association.*

12. RATIONAL ECONOMY.

A. *CEREMONIAL ECONOMY.*

(1) LUCK ECONOMY.

13. Objective Utility: Welfare of the primitive man or of the lowest savage: development of the human mind.
14. Genesis of tribal consciousness, first stage.
15. *Ethnogenic Association: Metronymic.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(2) Magic Economy.

16. Objective Utility: Welfare of the higher savage: development of the tribal consciousness, first stage.
17. Genesis of the tribal consciousness, second stage.
18. *Ethnogenic Association: Patronymic.*

(3) Sacrificial Economy.

19. Objective Utility: Welfare of the barbarian: development of the tribal consciousness, second stage.
20. Genesis of the civic consciousness, first stage.
21. *Civic Association: civilization, first stage.*

B. *BUSINESS ECONOMY.*

(1) Slave Labor Economy.

22. Subjective Utility: Conscious comparison and calculation of utilities and costs: development of civic consciousness, first stage.
23. Genesis of civic consciousness, second stage.
24. *Civic Association: civilization, second stage: Progress.*

(2) Trade Economy.

25. Subjective Utility: development of civic consciousness, second stage.
26. Genesis of civic consciousness, third stage.
27. *Civic Association: civilization, third stage: Democracy.*

(3) Capitalistic Economy.

28. Subjective Utility: development of civic consciousness, third stage.

Franklin H. Giddings.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE CHICAGO BUILDING TRADES DISPUTE. II.

BOTH sides now settled down to what promised to be a long-drawn-out fight. Each party adopted measures and tactics to win over public opinion and to force a surrender from the other. In addition to publishing statements of their position, and displaying cards in the street cars and elevated trains showing the rates of wages which they had paid and were willing to pay, the contractors attempted to continue work on the most important buildings under construction, with the help of non-union men. On February 13 the press committee of the Building Contractors Council reported that about 1000 men were at work on ninety-five jobs throughout the city,[1] most of them being "independent union" men, or sailors and farm hands who had come to the city in response to advertisements. All the work done was "emergency" work which had to be finished as soon as possible. Their energies were concentrated on a few buildings, on which not only non-union men and members of the Colored Federation of Labor went to work, but even some of the contractors themselves. As the non-union men were exposed to attack by union pickets and sympathizers when they left the buildings, the contractors next resorted to the plan of housing and feeding their employees in the buildings on which they were working. Between 150 and 200 men were so cared for in the Merchants Loan and Trust Building and the Western Electric Building.[2]

The labor men, on their part, did not long remain passive, but early took more active and aggressive measures to ensure their success in the struggle. The first attempt of the

[1] On March 14 they reported 2000 non-union men at work and on June 21, 3500. The labor men would not admit more than 1000.

[2] One of the picturesque tactics of this industrial warfare was the placarding of this building with excerpts from the state constitution, statutes, ordinances, *etc.*, all designed to show that the strikers were in the wrong.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

unions was to extend the strike to other cities and to secure sympathetic strikes on all buildings which Chicago contractors were erecting outside of Chicago. A resolution[1] to this effect, in which the Bricklayers and Stone Masons Union called upon the International Union to take such action, was speedily followed by a similar move on the part of the Building Trades Council. They induced the National Building Trades Council, from its headquarters in St. Louis, to send out a circular letter to all the local bodies, asking all union men to refuse to work on buildings erected by Chicago contractors or architects. This seems not to have been successful, owing to ignorance on the part of the union men as to where such contracts were held; for towards the end of May[2] the Building Trades Council repeated the request. This time, however, they were backed up by the Material Trades Council and the Wood-workers Council, which secured the pledges of their national organizations to refuse to handle material or to work for Chicago contractors in other cities.[3] In addition to thus boycotting Chicago contractors outside the city, the unions adopted the plan of attempting to boycott all business men who owned or rented buildings erected with non-union labor in Chicago. Later this system of boycotting was extended to all merchants and others who expressed sympathy with the contractors.[4] Action was also taken, by persuasion, intimidation and force, to prevent the employment of non-union men by the contractors.

VIII. *Effects and Conduct of the Dispute.*

The bad effects of the long continuance of the dispute were felt not only by the contending parties, but by the general public as well. While it is impossible to say just how many

[1] Of February 13.

[2] May 27. Still another notice was sent out on June 18 by the National Building Trades Council, warning all union men to keep away from Chicago.

[3] The writer has been able to learn of only one case where a building constructed by a Chicago contractor in another city was held up. This was in Denver.

[4] Note the action taken at the labor mass meeting of May 13.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

men were thrown out of employment, since the estimates varied widely, the number probably did not exceed 50,000. *Bradstreet's* for March 10 reported the number of idle men at 50,000, and the following week put it at 54,000. On March 27 John Connell, vice-president of the American Federation of Labor, estimated the number at 40,000. The close of the twelfth week of the dispute showed 30,800 men idle, according to estimates of the unions;[1] by the end of June this number had been reduced to 15,000–20,000.[2] The number of unemployed diminished, as some of those originally on strike returned to work or found other occupations, while many obtained employment at their trades in other cities. The fact that so many men were without employment for so long a time necessarily caused considerable want and even suffering among the strikers, though the unions claimed to have sufficient funds to care for all their members. Some of the stronger unions, like the carpenters and plumbers, paid weekly strike benefits of about $5 per member. In the majority of cases the Building Trades Council itself furnished orders for food and paid the rent of those in actual need. Contributions were made by the national organizations of several of the trades,[3] as well as by trades unions in other lines, both in Chicago and elsewhere. Thus, the "convention of all trades unions of Chicago," held on May 13, voted to assess all its members fifty cents a week to assist the Building Trades Council during the rest of the dispute.

That these and even larger contributions would be needed became evident, as the dispute dragged along without indication of speedy settlement and distress showed itself more plainly among the idle men. Striking proof of the bad effect of the long idleness was found in the growth of the pawnbroking business,[4] the extension of the credit system among the stores catering to the working classes, the falling off in the

[1] Chicago *Record*, May 4.

[2] Estimate of the labor men to the writer.

[3] For example, the Bricklayers and Stone Masons, the Carpenters, the National Building Trades Council, the Steam Fitters, the Plumbers and Gas Fitters.

[4] Within the month of May eleven new "loan banks" were licensed in Chicago.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

business of the department stores, theaters, street railways,[1] *etc.*, and the migration of many workers in the building trades from Chicago. Real estate dealers stated that hundreds of laborers had been forced to cease payments on houses which they were buying on the installment plan, and were in danger of losing their homes.[2] But the building trades dispute threatened to have more serious consequences than the temporary suffering of those engaged. By the beginning of the fourth month of the dispute it was estimated that between 3000 and 5000 workmen had left the city and found permanent employment elsewhere, while almost every union in the Chicago Building Trades Council had applications on its books for men to go to other points. Builders stated at the beginning of June[3] that there were 500 unfinished buildings in Chicago, and architects claimed that they had an equal number of plans of new buildings which were being held until industrial peace should be restored.[4] Freight managers and material men united with the retail merchants and others in lamenting the depression in business and urging a speedy settlement. But more important, if true, was a statement[5] to the effect that twenty manufacturers were getting ready to move from Chicago as a result of the labor troubles, while eight or nine more had already selected sites.[6] It became evident that Chicago's

[1] Street railway men claimed that they were losing $1000 a day during the dispute, while one of the largest department stores, where the working people dealt largely, reported that sales fell off $50,000 a week.

[2] Other proofs of the hardship caused by the building trades dispute, though less apparent, were the increase in the number of women and girls from the strikers' families who went to work during this time, and the increased patronage of the "free lunch" counters in saloons. These facts were attested by workers from Hull House and the Chicago Commons.

[3] Chicago *Record*, June 9.

[4] See an open letter of Hibbard, Spencer, Bartlett & Co., of November 28, which stated that, unless more stable conditions prevailed among the unions, a store and warehouse which they were planning would either "be erected without the employment of a union man or it will not be erected at all."

[5] By Mr. M. B. Madden, president of the Western Cut Stone Company, April 13.

[6] The International Power Company, of Providence, R. I., had selected Chicago as the location of a large automobile factory and secured options on property there, but, after investigating the condition of the labor market, decided to go elsewhere. — Chicago *Tribune*, December 1, 1900.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

commercial and manufacturing supremacy was threatened by the continuation of the trouble.[1]

The progress of the building trades dispute was marked by the usual amount of lawlessness. Most of the outbreaks consisted in assaults upon non-union men by union pickets and sympathizers. During the first five months of the strike the papers reported about 250 specific cases of assault upon non-union men, of which about thirty resulted in serious injuries and from the effects of which there were three deaths. Two union men were killed and a dozen more assaulted, as well as contractors, special policemen and others. Less than twenty arrests were reported during this time. During the summer there was a lull; but in November the union pickets instituted a series of attacks on the non-union laborers employed on the Mandel Building, in which a foreman was shot to death and a number of men injured.

One of the chief causes for the great number of assaults that took place was undoubtedly the non-enforcement of the law against the strikers. At the very beginning of the dispute the contractors had demanded police protection for their property and for non-union men whom they employed, while the Chicago Federation of Labor protested against the use of police for such

[1] The following table of building statistics in Chicago for the year 1900 shows how the dispute affected the building industry in that city.

Months.	1899.		1900.		Per cent decrease.
	Number of buildings.	Cost.	Number of buildings.	Cost.	
January	215	$1,090,250	167	$885,380	22
February	179	824,750	108	484,300	41
March	397	2,485,960	167	269,400	57
April	499	2,999,650	202	662,960	59
May	460	2,610,475	295	1,122,600	36
June	368	1,854,175	335	1,111,900	9
July	358	2,583,000	346	2,108,800	3
August	314	1,789,060	384	1,695,420	22 (incr.)
September	281	1,217,950	461	2,347,200	64 (incr.)
October	265	1,184,150	434	3,914,090	64 (incr.)
November	293	1,725,850	326	2,611,550	12 (incr.)
December	163	491,300	285	1,680,250	75 (incr.)

See *Bradstreet's* and *Construction News, passim.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

purposes. Failing to secure adequate protection from the city police, the contractors swore in about 500 detectives and special policemen to guard their buildings;[1] the Building Trades Council protested to the mayor against the employment of these men.[2] At first the attitude of the police had been merely to prevent rioting and to permit picketing so long as the pickets did not openly molest the non-union workers. An opinion of the corporation counsel showed, however, that where intimidation enters, whether by reason of threats or of large numbers, picketing is illegal.[3] As a result of this opinion and of a vigorously expressed public demand, the chief of police finally issued an order to his men "to arrest the ringleaders in all assaults."[4] Mayor Harrison further directed that only two pickets should be allowed to remain at each building. When the second outbreak occurred in November, a large force of policemen was detailed to guard the buildings and protect non-union workmen, and the disturbances were soon quelled. Such repeated lawlessness on the part of the walking delegates and union pickets seemed to indicate that they had learned nothing from the long-continued controversy, and served only to alienate public sympathy.

The contractors claimed throughout the dispute, and apparently not without good cause, that "politics was mixed up in it." On this point an indictment of the unions by one of their best friends may be cited:

> Public opinion claims the right to criticise frankly and fearlessly the policy of the Building Trades Council. It criticises the policy that tolerates the acceptance of appointive political offices as the most disastrous policy that has ever paralyzed the power or menaced the future of organized labor in Chicago. These offices are offered as subsidies. Their incumbents are really held as hostages for the delivery of the labor vote.[5]

[1] They were employed for ten weeks, and the cost to the contractors was estimated at $75,000. — Chicago *Record*, May 5.

[2] The attitude of the latter organization is indicated by a statement made by Mr. John A. Long, president of the board of business agents, before the Industrial Commission, to the effect that he did not approve of police protection, "because the men who are at fault and who are causing the trouble are not entitled to protection."

[3] Chicago papers of April 14.

[4] *Ibid.*, April 27.

[5] Speech of Prof. Graham Taylor before the labor mass meeting of May 13.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

While it is impossible to ascertain exactly how many of the labor leaders held appointive offices under the city administration, there is no doubt that the number was disgracefully large.[1] The most conspicuous case was the appointment of Edward Carroll, president of the Building Trades Council, to the presidency of the Chicago Civil Service Board.[2] That there was a deliberate pact between the labor leaders and the politicians in power seems sufficiently indicated by a change that was made in the constitution of the Building Trades Council two or three years ago, by which Section 3 was stricken out. This section read as follows:

> No person shall be eligible as a delegate to this council who holds a political office, either elective or appointive . . . (a political office shall be defined as being employed in any capacity by the nation, state, county or city).

There is no doubt that many of the leaders of the Building Trades Council had subordinated the best interests of that body to their own personal advantage and that the best elements were not in control. This was felt by the unions themselves, and a complete reorganization of the council would undoubtedly have been effected through the efforts of the rank and file, had not the opposition of the employers given the leaders a rallying cry. The officers and business agents appealed to the members to show their devotion to the cause of union labor by upholding the organization. The men responded loyally to this appeal; but after the contest had dragged along for almost six months, with no prospect of a settlement, dissatisfaction began to manifest itself. At the end of July occurred the election of officers of the Building Trades Council; and as this gave the members the first opportunity of passing judgment

[1] The result of an investigation in the fall of 1899 was said to show that two-thirds of the officials of the Chicago Federation of Labor and of the Building Trades Council held such offices. A list of thirteen names was published by the *New York Sun*, May 27; but there were undoubtedly others. Mr. W. J. Chalmers, in his testimony before the Industrial Commission, March 20, stated that twenty-two leading men of labor organizations held positions in the City Hall.

[2] Mr. Carroll resigned, under pressure, on April 29.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

on the administration since the beginning of the dispute, it was regarded as very important, by both contractors and labor men. But the election of all its old officers on July 27 by the council seemed to place the stamp of approval on the acts of its executive, and at the same time destroyed all hope of a compromise settlement. A week later the board of business agents reëlected all its former officers.

The conservative element was strong enough, however, to insist on certain reforms within the Building Trades Council itself. One of these was the amendment of the constitution so as to forbid the holding of a political office by a delegate; another was a modification of the basis of representation, so as to give more power to the larger unions; and a third was the substitution of the vote by individuals for the "trade" or unit vote. The carpenters were particularly anxious for these reforms, and it was understood that their adoption was the price which had to be paid for the support given to the council by the carpenters when the question of withdrawal from the strike came up for vote. The growth of dissatisfaction with the policy of the leaders in the Building Trades Council found more decided expression a little later in the retirement of Edward Carroll from office. First his own union, the plasterers, on September 1, refused by a vote of two to one to reëlect him to the office of financial secretary, which he had held for ten years. A month later, on October 5, Mr. Carroll resigned, under pressure, from the presidency of the Building Trades Council. In his letter of resignation he gave as his reason the alleged announcement of the contractors that, if he resigned, they would make agreements with all the unions. William G. Schardt was elected president in his place; but as the same political clique was back of the new president, no noticeable change of policy was inaugurated. It had by this time become pretty clear that no compromise could be hoped for, and the struggle narrowed down to a test of endurance between the Building Trades Council and the Building Contractors Council.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IX. *Attempts at Arbitration.*

The history of this dispute proves that there are some matters in labor troubles which cannot be settled by arbitration between employers and employees. Such questions as those relating to wages or hours of labor may well be settled in that manner, for they turn on a single economic fact and may be determined according to that fact. Broader issues connected with the labor problem are not always capable of being arbitrated, and such an issue was raised here. Briefly stated, it was a contest for control of the conditions under which work should be carried on, and involved the right of interference in the conduct of the business of the contractors by the representatives of the unions. It was a struggle over an economic principle and could not be settled by the dictum of any court of arbitration; nor was it subject to compromise, for it called for the surrender of one side or the other. This was the issue involved in the demand of the contractors for the dissolution of the Building Trades Council.

Arbitration did not fail for lack of attempts on the part of outsiders to bring the parties to the struggle to some sort of agreement. No less than seven different attempts were thus made. Only a little more than two weeks after the beginning of the dispute, Mayor Harrison wrote[1] to both the Building Contractors Council and the Building Trades Council, asking them to appoint committees for the purpose of conferring together, with a view to harmonizing the differences between the two organizations. He suggested that the meetings be held in his office and offered to act as chairman. This invitation was accepted by the labor men, but declined by the Contractors Council. The latter stated that they were unwilling to enter into negotiations, because two attempts which they had made at arbitration with the Building Trades Council had failed.[2] But

[1] On February 21.

[2] September and December, 1899. See POLITICAL SCIENCE QUARTERLY, March, 1901, p. 126.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the reason back of all others in the refusal of the contractors to have further dealings with the Building Trades Council is the knowledge that, as an organization, it has become so tyrannical, corrupt and lawless that its existence will render the prosperity of the building industry an impossibility. The first step toward solving the problem is the dissolution of the Building Trades Council.

For this refusal to arbitrate the contractors were much criticised by the unions and others, and the unwillingness to submit their case to a court was cited as evidence of a bad cause. Such action, however, does not necessarily put the party so refusing in the wrong. From the very beginning the contractors took the position that they would not arbitrate with the Building Trades Council, but expressed themselves as ready at any time to come to terms with the separate unions, provided they would withdraw from that body. Whether right or wrong, they were at least consistent in maintaining this attitude throughout the struggle. Though the union men professed themselves ready to submit their case to arbitration at any time, they would do so only through the medium of the Building Trades Council. Such an utterly antagonistic attitude as was assumed by the two parties to the dispute made arbitration impossible from the very beginning — so much so that during the investigation made in Chicago by the Federal Industrial Commission, Mr. Harris, a member of the sub-committee, was led to exclaim[1]: "It looks as though you had placed the whole matter beyond the power of arbitration."

Another offer at mediation, by the Civic Federation of Chicago, met with no encouragement from either side.[2] An attempt made by Mr. P. J. McGuire, of the Brotherhood of Carpenters and Joiners, to secure a conference failed on the same ground.[3] The next move was the result of a conference between the mayor and the building material dealers.[4] The latter threatened that, if either side refused a fair offer to restore harmony, they would aid the other side in the struggle.

[1] To Edward Carroll, President of the Building Trades Council. See Chicago *Times-Herald*, March 29.

[2] March 11.

[3] April 3.

[4] April 19.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In spite of this threat, however, the contractors refused to arbitrate with the Building Trades Council, and the unions refused to arbitrate except through that body.[1] Undaunted by the failure of the mayor to bring the dispute to an end, the city council now appointed a special committee of six aldermen, who, together with five citizens, were to investigate the labor troubles and try to secure a settlement of them.[2] The Building Trades Council again announced its willingness to aid the committee, while the Building Contractors Council again refused any offer of mediation. They restated their readiness to arbitrate with any single union, provided it would withdraw from the council, but refused to meet representatives from that body. Moreover, they asserted that the "cardinal principles" for which they stood could not be submitted to arbitration.

The next effort at mediation was made under the leadership of Prof. Graham Taylor, as the outcome of a "convention of all trades unions," held on May 13, with 600 delegates, representing 190 labor organizations, in attendance. It was decided that a committee of seven persons should be created, to "investigate the building trades lockout thoroughly and endeavor to reach a settlement" — this committee to consist of three members of labor organizations outside of the Building Trades Council, three disinterested men from commercial organizations and Professor Taylor as chairman. The committee was never fully organized, as members of the Real Estate Board and other business associations declined invitations to serve, and the Building Contractors Council refused to participate in the investigation. On July 1, however, the labor members made a report, which expressed their confidence in the officers of the Building Trades Council and placed the whole responsibility for the dispute upon the contractors. Still another attempt was made by the Real Estate Board on May 22, when its directors were authorized to act as arbitrators, whenever requested to do so by both parties to the controversy.

[1] In explanation of their position the contractors issued a statement, later referred to as the "circular of April 30." See below, p. 234.

[2] April 25.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

No results followed this action, however, as neither the contractors nor the union men requested the intervention.

Finally the American Federation of Labor took up the matter some two months later, and at a meeting of its executive council at Denver, July 19, appointed a committee of three, with President Gompers at the head, to investigate and to attempt to arbitrate the difficulty. Toward the end of the month conferences were held in Chicago by the committee with both the Building Trades Council and the Building Contractors Council, but these efforts at arbitration failed for the same reason that had prevented settlement before, namely, the refusal of the contractors to enter into agreements with the Building Trades Council. The contractors, however, expressed their willingness to make agreements with representatives of national or international unions, or the American Federation of Labor. As President Gompers refused to consider this proposal, negotiations ceased. Additional suggestions for the settlement of the dispute were freely made by prominent citizens, newspapers and others interested in its conclusion, but they all proved equally futile.[1] Throughout the controversy the state board of arbitration was completely ignored by both parties.

At one time the action of the Building Trades Council itself, in requesting the Contractors Council to appoint a conference committee, seemed likely to lead to a conclusion of the dispute. This invitation was accepted by the Contractors Council, on condition that the union conferees should not be their business agents or delegates to their council. As this demand was acceded to, a conference was held[2] between representatives of the unions and of the employers' associations, for the purpose of effecting a settlement. As the basis of the conference, the contractors presented their declaration of principles of April 30, together with the interpretation they put

[1] The last attempt at arbitration was made by the National Building Trades Council at its annual meeting in Cincinnati, on January 18. This body empowered its executive board to go to Chicago and "settle the dispute there," but as by that time the dispute was already virtually settled, nothing was done.

[2] On June 12 and following days.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

upon them. This was practically only a reiteration of their former principles. They announced their willingness to enter into agreements with the individual unions, provided:

1. (*a*) That there shall be no limitation as to the amount of work a man shall perform during his working day.

(*b*) That there shall be no restriction of the use of machinery or tools.

(*c*) That there shall be no restriction of the use of manufactured material, except prison-made.

(*d*) That no person shall have the right to interfere with the workmen during working hours.

(*e*) That the use of apprentices shall not be prohibited.

(*f*) That the foreman shall be the agent of the employer.

(*g*) That all workmen are at liberty to work for whomever they see fit.

(*h*) That employers shall be at liberty to employ and discharge whomever they see fit.

2. That the following conditions are made a part of the agreement:

(*a*) That eight hours shall constitute a day's work.

(*b*) That the rate of wages shall be [that prevailing in each trade the previous year].

(*c*) That time and one-half shall be paid for overtime, and double time for Sundays and holidays.

(*d*) That the agreement shall cover a period of not less than three years.

(*e*) That an arbitration clause to provide for the adjustment of possible difficulties in the future be made a part of the agreement.

(*f*) That no by-law or rule conflicting with this agreement shall be enforced or passed by the association or union during the life of the agreement.

(*g*) That this agreement shall only become operative when the union withdraws permanently from the Building Trades Council and agrees not to be affiliated with any organization of a like character during the life of the agreement.

The unions were unwilling to give up their central organization, but in return proposed a plan for the establishment of standing arbitration committees which should settle all matters in dispute, work to continue pending their decision, thus

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

doing away with the sympathetic strike. As the objection of the contractors to the Building Trades Council was based largely on the latter's use of the sympathetic strike to enforce its demands, it was thought that they would permit its continuance, if robbed of this weapon. Upon the flat refusal of the contractors to accept anything less than the dissolution of the Building Trades Council itself, the negotiations were broken off at this point. A few days later, however, the labor men requested another conference with the contractors, and this time submitted a statement of their position on the various points raised by the contractors' circular. They conceded five demands without a change — namely, the first, third, fifth and seventh under (1) and the fifth demand under (2). The questions of machinery and the rate of wages was to be left to arbitration, and a standing arbitration committee was to be established, to which should be referred all disputes. On the other points there was a slight difference: the unions insisted that their agent should visit all work, when necessary; that the foreman, while an agent of the employer, should be a union man; and that they should reserve the right to refuse to work with non-union men. No mention was made of the dissolution of the Building Trades Council, but the right to order strikes was taken from it, and it was thought that this concession would meet the wishes of the contractors on this point. The labor men had gone considerably more than halfway to meet the requirements of the employers; and when the latter rejected absolutely these propositions of the unions, it was felt that they had determined upon the rule-or-ruin policy. As no compromise was possible, negotiations were therefore broken off for the second time.

X. *Defections from the Building Trades Council.*

The contractors were undoubtedly influenced in assuming this uncompromising attitude by the belief that the unions could not hold out much longer and would soon be compelled to surrender unconditionally. And at first it seemed as though

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

their calculations were correct; for on June 26 the Bricklayers and Stone Masons Union, one of the most powerful organizations in the Building Trades Council, decided to withdraw from that body and sign a separate agreement with the Chicago Masons and Builders Association. This agreement was to run for three years and contained most of the principles for which the contractors had stood out; it provided also for a joint arbitration board.[1] Although this defection was heralded by the contractors as the beginning of the end, it was claimed by the labor leaders that the withdrawal of the bricklayers removed the one inharmonious element in the Building Trades Council and left that organization a unit to carry on the fight.[2]

For the next month there was a decided calm in building trade circles. The contractors evidently expected other unions to follow the lead of the bricklayers, while the efforts of the labor leaders were directed to keeping them in line. The apparent success of the Building Trades Council, by the election at the end of July of all its old officers, seemed also to show that it was determined to pursue its former policy; and from that time began the slow disintegration of the central

[1] The bricklayers' agreement served as a model for a uniform agreement which was submitted early in September to all the unions. This began by reciting that it was for the purpose of preventing strikes and lockouts, and of facilitating a peaceful adjustment of all grievances and disputes which might arise from time to time. As a basis for joint working rules and to govern the action of the arbitration board there was laid down a code of principles which consisted of the eight cardinal demands of the contractors. The following points were also contained in it: eight hours as a day's work; the Saturday half-holiday during the months of June, July and August; time and a half for overtime, and double time for Sundays and holidays; no work on Labor Day; all disputes to be submitted to a joint board of arbitration, with the fullest power to enforce its edicts. By the last provision the sympathetic strike was abolished. The agreement was to become operative only when the union should withdraw permanently from the Building Trades Council, and should agree not to become affiliated with any organization of a like character during the life of the agreement.

All of the agreements made subsequently with the various unions followed the lines of this one, though modifications were often made in particular points.

[2] The Bricklayers and Stone Masons Union had only joined the Building Trades Council in April, 1899, and had never been in complete harmony with that organization. — *The Bricklayer and Mason* (New York, April, 1900), p. 4.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

body. For the next few months the history of the dispute is a record of the action of the several unions. A split in the union of the hoisting engineers was the first act to follow the withdrawal of the bricklayers; and on July 28 the seceding faction, composed of about fifty members, afterwards organized under the name of the United Brotherhood of Hoisting Engineers, signed a working agreement with the Building Elevator Contractors Association. As E. A. Davis, the reëlected Secretary of the Building Trades Council, was a member of this union, this was regarded as an especially significant move. The next break came in the suspension of the Brotherhood of Electrical Mechanics from the council. The latter body had ordered the Brotherhood to turn over certain work to the gas fitters, and on their refusal had fined them $300 and suspended them from the organization. Suspension carried with it the loss of union working cards in Chicago, but the electricians later obtained these from the National Building Trades Council. While there was thus no formal withdrawal from the local council, the action of the electricians was considered tantamount to this.

An attempt on the part of some of the members of the Cut-stone Contractors Association to secure the withdrawal of that organization from the Building Contractors Council met with signal defeat about this time, showing that the contractors were determined to hold together.

Next to the bricklayers' union, that of the carpenters[1] was the most important and powerful in the Building Trades Council; and its rather vacillating course during the next few months was watched with anxiety and interest. After a failure to reach an agreement with the contractors, owing largely to disagreement over the Saturday half-holiday, and the rejection by a small majority of a proposal to withdraw from the Building Trades Council, some of the dissatisfied

[1] There are two organizations of carpenters in Chicago — the United Brotherhood of Carpenters and Joiners, which is composed of nineteen unions and about 4700 members, and the Amalgamated Society of Carpenters and Joiners, which has five unions and some 300 members.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

members formed an independent organization, and in September signed a three-year agreement with the employers' associations. Further negotiations with the contractors were had during October and November by the regular unions, but without result. Finally, however, on February 7, 1901, just a year from the beginning of the dispute, an agreement was reached by which the men secured the Saturday half-holiday, and agreed to leave the council. In all essentials the agreement resembled that adopted by the bricklayers, although one clause provided that the union might join "a new central body, composed solely of mechanic trades employed on buildings, . . . and that said body shall not be called the 'Building Trades Council.'" The very name was evidently under the ban of the contractors! Several of the strongest unions, therefore, applied for admission to the Chicago Federation of Labor.

The Plumbers Union had proposed to the contractors in July that, if they would withdraw from the Building Contractors Council, the plumbers would withdraw from the Building Trades Council, and they could then frame an agreement together without difficulty. The Master Plumbers Association refused, however, to act upon this suggestion. Two or three further attempts to secure agreements with the contractors failing, and efforts to secure the withdrawal of the union from the Building Trades Council being unsuccessful, some of the dissatisfied members of the union withdrew individually and went to work for all contractors who paid the union scale of wages and employed only union men, without reference to any agreement. The seceders organized themselves later into an independent union, under the name of the Journeymen Plumbers Association, and on December 18 secured a charter. By January the old union also was ready to withdraw from the council, and a unification of the two organizations was effected, after which an agreement similar to the others was made with the employers.

The second organization to withdraw from the Building Trades Council in its corporate capacity was the Plasterers

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Union. On July 9 they had refused to ratify an agreement with the contractors similar to that made by the bricklayers, but a month later another agreement along the same lines was brought before the union. Withdrawal from the Building Trades Council was of course provided for, and in other respects it differed but slightly from the bricklayers' agreement. Ratification of this agreement seemed probable, but was defeated by the arbitrary methods of Edward Carroll and other members at the meeting of the union — an action which undoubtedly hurt the Building Trades Council more than anything else. At the end of September Carroll was forced from the presidency of the council, and a day later the Plasterers Union appointed a committee to confer with the employing Plasterers Association for the purpose of arranging an agreement with that organization. After some rather dramatic manœuvers by both factions, this was finally ratified by a majority of the members on October 5, a move which carried with it the withdrawal of the union from the Building Trades Council.

The Bridge and Structural Iron-workers formally withdrew from the Building Trades Council on October 25, and at the same time entered into an agreement with the Iron League, the association of the contractors. This was the third organization to sever its connection with the council; and, while not as strong numerically as the other two, it was made up of the *élite* of the skilled workers in the building trades, and had considerable influence. Their agreement followed the general lines of the uniform agreement, such as was entered into with the bricklayers and plasterers, the main difference being a clause giving the contractors the right to hire non-union men in other lines on the same job. One significant clause provided that the union might belong to a new central organization, not the Building Trades Council.

If it was to win in the struggle with the contractors and save itself, it was apparent that the Building Trades Council must stop the disintegration that threatened to end its own existence. It was, accordingly, now decided to adopt the plan

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of fighting the contractors one at a time, until each was forced in turn to capitulate. The first job singled out for attack was the new Mandel Building, and on November 20 all the men at work on that building were called out on strike. Although this was the first aggressive move that the Building Trades Council had made in several months, they seemed not to have learned wisdom in that time, for the progress of this strike was marked by a new outburst of lawlessness. The strike was of short duration, for the places of the strikers were soon filled, while the immoderate action of the labor leaders served to alienate public sympathy. Many of the non-union men who had taken the place of the striking union men during this trouble and previously were negroes, who were practically unorganized in Chicago, with the exception of the bricklayers and hodcarriers. An attempt was now made to align them on the side of the Building Trades Council. The Chicago Federation of Labor issued an appeal, on December 2, inviting them to join the unions. While it does not appear that this invitation was acted upon by the negroes, it certainly evidenced a more pacific policy on the part of organized labor.

These measures were insufficient, however, to restrain the seceding unions, and in the middle of December the steam fitters withdrew from the Building Trades Council. After the failure to reach a settlement with the unions early in August, several of the master steam fitters had withdrawn from the Contractors Council and signed three-year agreements similar to the old ones. The principal demand of the contractors — that the unions should withdraw from the Building Trades Council — was not insisted on; but the agreement provided that there should be no limitation as to the amount of work that might be done in a day, and that no strike should be called until the grievance had been submitted to a permanent board of arbitration. The threatened break from the Contractors Council did not become general, however, and things remained quiet in this trade until December. Negotiations were then begun between representatives of the Master Steam Fitters Association and those of the Journeymen Steam Fitters

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and the Junior Steam Fitters Unions, which resulted in the signing of a three-year agreement between the organizations of employers and men. The conditions were substantially the same as those of the uniform agreement signed by the other unions.[1] Withdrawal from the Building Trades Council and the establishment of a joint arbitration board were the most important features. The eight cardinal points of the contractors were conceded, and they were given greater liberty in the employment of helpers, *etc.* The men got the Saturday half-holiday, double time for all overtime and some other demands. The wage scale remained unchanged. Permission was given to the unions to join another central trade body, provided only it was composed of mechanics whose trades were closely allied. In acccordance with the terms of this agreement, the Journeymen and Junior Steam Fitters Unions withdrew on December 14 from the Building Trades Council.

A few days later, on December 18, a three-year agreement was concluded between the Master Plumbers Association and the Gas Fitters Union, embodying the general features of the agreement signed by the steam fitters. It was reached only after considerable friction over the clause concerning the employment of non-union men. The question was settled through a sort of compromise, by which it was provided that, while the bosses should have the right to hire whom they pleased and the men to work for whom they pleased, the latter were also given the right to cease work when they chose — the latter contingency doubtless having reference to the employment of non-union men. Another significant clause in the agreement was to the effect that the Master Plumbers Association should notify the union when any member of the association lapsed from membership. It seemed to point clearly to a tacit understanding that the members of the union were not to work for any master plumber who was not a member of the association. No mention was made of a new central body,

[1] The details of the agreement may be found in *The Metal Worker* (New York and Chicago), December 22, 1900, "The Chicago Steam Fitters' Settlement," p. 36.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

such as was referred to in the agreements of the carpenters, iron-workers and steam fitters. In other respects it followed the lines of the uniform agreement.

The new year saw no interruption in the disintegration of the Building Trades Council. Early in January the plumbers withdrew, and shortly thereafter the Hodcarriers and Building Laborers Union entered into an agreement with the Chicago Mason and Builders Association, by the terms of which they also withdrew from the central body. As this was, next to the carpenters, the largest union in the council, its action was a severe blow. The carpenters only waited for the semi-annual election of officers in the council, on January 27; when the result showed that no change of policy was contemplated, they also severed their connection. This was the beginning of the end, and the movement of secession was kept up by the withdrawal of dissatisfied members in the unions of the stone cutters, the slate and tile roofers, the mosaic tile layers and helpers, while the sheet metal workers, the painters and other unions are debating the question of withdrawal at the time of writing. Every symptom points clearly to the final disintegration of the Building Trades Council, though the president of that organization has denied emphatically that it will dissolve. The constitution[1] provides that it shall exist as long as five trades desire to retain the organization. While the council may thus never be formally dissolved, there is no doubt that its usefulness is past, and that it is practically moribund. As one of the union men himself expressed it, "The council is about as useful as a dead horse." Twelve months after the beginning of the dispute the membership of the council had been reduced from perhaps 30,000 to about one-third of that number.[2] It was said that

[1] Art. XVII, Sect. 8.

[2] The following list [concluded on page 243] includes those unions which have wholly or in part withdrawn from the Building Trades Council, the probable number of seceders and date of withdrawal:

Bricklayers and Stonemasons	3500	June 26
United Brotherhood of Hoisting Engineers	50	July 28
Electrical Mechanics	350	August 10
Society of Carpenters	500 (?)	September 22
Journeymen Plumbers Association	300	September — December 18
Plasterers Union	500	October 5

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

about 5000 workmen had left the city since the beginning of the dispute, in search of employment elsewhere. Indeed, the end might have come sooner, had not both contractors and unions tacitly agreed during the summer not to push the matter to a conclusion at that time.

The statistics of building operations in Chicago[1] show that they had been only temporarily checked by the labor troubles, and by July, 1900, had resumed their normal activity, soon exceeding in volume those of the previous year. The contractors pointed to this fact as evidence that the strike had failed and that the men had deserted the Building Trades Council, but the real explanation was somewhat different. Both contractors and union men were anxious to resume work, but it had to be done under conditions that would not indicate a surrender on either side. In order to quiet disaffection and permit the men to provide for the winter, the unions allowed their members to work for members of the Contractors Council in violation of their rules. The contractors, on the other hand, were willing to accept workmen without inquiring too closely as to whether they belonged to the Building Trades Council or not, though such an act violated their mutual agreement. Fearing lest such a policy should disrupt their association, the contractors next adopted the plan of requiring all workmen to join the Industrial Union,[2] which was in favor with the Contractors Council, or to sign an agreement certifying that they had resigned from their union. To meet this move, the men received permission from their unions to sign, without detriment to their union standing. Accordingly, a number of the

Bridge and Structural Iron-workers	700	October 25
Journeymen Steam Fitters	350	December 13
Junior Steam Fitters	350	December 14
Gas Fitters	200	December 18
Plumbers Unions	500	January
Hodcarriers and Building Laborers	3500	January
Carpenters Unions	4500	February 7
Stone Cutters	200	
Slate and Tile Roofers	100	
Mosaic Tile Layers and Helpers	100	
Total	15,700	

[1] See footnote on p. 226.

[2] An organization composed of non-union men.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

union men, notably the carpenters, joined the Industrials or signed resignations from their own unions, and secured work on these terms. In some cases the contractors were reported to have paid the initiation fee for the men who joined the Industrial Union. There was a tacit agreement on both sides to resume work without insisting on a formal surrender from either. In the middle of the summer it was calculated by one of the best informed labor leaders that over half of all men employed were union men, that fully one-third of the members of the unions affiliated with the Building Trades Council were employed, and that at least three-fourths of these were getting union wages from the contractors.

Owing to the number of non-union men employed and the decrease in the amount of building, there was a distinct surplus of laborers as soon as the union men began to return to work. In recognition of this fact, several of the unions abandoned their demands for an increase in wages, and others adopted temporarily a lower wage scale. There seemed to be imminent danger that the unions would lose all the gains of years in this struggle of the Building Trades Council.

XI. *Conclusion.*

President Hadley has said[1] that the dangers of our great organizations of capital and labor "can be effectively met only when their character as 'trusts' is recognized; only when there is a sense of honor in conducting them." This recital of the progress of the building trades dispute has made clear the fact that the sense of responsibility in their position as trustees has not controlled the leaders of the Building Trades Council. Organized ostensibly to promote the interests of labor, it had subordinated these to the cause of a political machine in whose service it had attempted to use the organization. In its dealings with contractors the Building Trades Council had become arrogant and arbitrary. Assuming that it had unlimited power, it had pushed its demands to such a point that the employers

[1] In a speech at the twenty-fifth anniversary of Vanderbilt University.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were goaded to resistance in self-defense. If any single lesson is to be drawn from this dispute, it is the necessity for wise and unselfish leadership of organized labor.

But while condemning the one side, we cannot hold the other free from blame. There were hot-headed men in the lead on both sides. After the dispute had continued some time, success became a personal matter. Many of the contractors had expressed themselves so decidedly that they were unwilling to concede a single point; they had staked their personal reputation, as it were, on the outcome, and would accept nothing less than the complete submission of the Building Trades Council. In justice to the Contractors Council it should be said that there were many members in their association — as there were in the unions — who would have been glad of an honorable compromise at any period of the dispute. The attitude of the Contractors Council in demanding the dissolution of the Building Trades Council while refusing to disband themselves, must be recognized as inconsistent, to say the least. They later receded from this extreme position, when, in the agreements signed with some of the unions, provision was made for the organization of a new central body.

It now seems clear that the dispute might have been settled by mutual agreement, had the leaders on both sides been less uncompromising. After the failure of the attempt at conciliation by the committee from the American Federation of Labor, Mr. Gompers said[1] that the trouble could be settled in twenty-four hours if it were submitted to arbitration. In his testimony before the Industrial Commission[2] Mr. H. W. Steinbliss, Secretary of the National Building Trades Council, stated that the National Council could have settled the Chicago dispute if it had possessed the power to interfere with the local council, but it was prevented from doing so by its constitution. He advocated giving the national body more power in handling strikes and lockouts.

Although, even after twelve months of struggle, the dispute is not yet ended, some conclusions may safely be drawn as

[1] June 25. [2] At Washington, D. C., November 10, 1900.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to the methods and future of organized labor in Chicago. The outcome must be regarded as virtually a victory for the contractors. Many of the unions have made terms with them, conceding their chief demands. The Building Trades Council is on the eve of dissolution, while the Contractors Council has gained in solidarity and unity of purpose.[1] And yet there is hardly a branch of industry where effective labor organization is more feasible than in the building trades. Here the competition of machinery is not present to threaten striking workmen with the fear of displacement; for the individual's skill and knowledge cannot be supplanted by an automatic machine. The consequence is that the men are better organized and more successful in enforcing their demands than in almost any other trade. And where the allied trades are organized in a central federated body, whose paid business agents are armed with the weapon of the sympathetic strike, their combined power is enormous. This power has undoubtedly been abused, particularly in calling frequent sympathetic strikes, which greatly interfered with building operations.[2] One of the evils of the Building Trades Council had been the fact that it was not altogether homogeneous; for it took in many unions which did not belong to the building trades, but were simply allied with them, such as the tunnel miners and the boiler-makers. A more compact organization, limited in membership to representatives of unions directly connected with the work of building, would have yielded better results and avoided the calling of many troublesome sympathetic strikes in remote industries. Such an organization was suggested by the agreements with the carpenters, iron-workers and steam fitters.

The strengthening of the Contractors Council, as a result of the long dispute, will probably have one unforeseen result — namely, the concentration of the building industry of Chicago

[1] On December 26 the Building Contractors Council reëlected all its former officers: Wm. D. O'Brien, president; W. F. Behel, vice-president; E. M. Craig, secretary; E. Thomas, treasurer.

[2] Ninety per cent of the sympathetic strikes in New York were either inaugurated by the building trades or started to assist the building trades. — Eighth Annual Report of the Bureau of Labor Statistics, p. 935.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in the hands of the larger contractors. A large share of the building business was done by small contractors, each of whom hired a few men whom he personally superintended. When the employers' associations made agreements with the unions, one provision of which, whether tacit or expressed, was that the men should work only for members of the masters' associations, the small contractors were driven either into the Contractors Council or out of business. Owing to the long continuance of the struggle, many of the independent small contractors, who had risen a little from the ranks of mechanics, were reduced again to a dependent position, while a larger share of the building business went into the hands of the large contractors.

ERNEST L. BOGART.

OBERLIN COLLEGE.

Postscript. — Since the final proofs of the foregoing were read, the formal termination of the dispute has been announced. On April 26 the Building Trades Council voted to disband, the motion being opposed by only the paper hangers and the boiler-makers. A few days later a new organization was formed, under the name of the Chicago Building Trades League, by fifteen of the eighteen strong trades in the building industry, representing 15,000 workmen. The membership is restricted to trades engaged in the actual construction of buildings, and thus fifteen of the trades that were affiliated with the former organization are made ineligible. There are to be no sympathetic strikes; differences are to be settled by arbitration; no person holding political office is eligible as a delegate; and unity of the trades is to be fostered. This new central body was perfected entirely through the efforts of local labor men who opposed the policies of the old council and desired to live up to the agreements recently made with the contractors. The outcome of the year-long dispute must be regarded, therefore, not merely as a victory for the contractors, but rather as a victory for the better element in the trades unions, signifying the substitution of conciliatory methods of settling disputes for those of bluster and threat.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE TRUST COMPANIES: IS THERE DANGER IN THE SYSTEM?

DURING the last few years, and especially during the year 1899, the student of the American banking system has been confronted with what is to all intents a new problem in the field. This new problem is the rise of the trust companies. The growth of resources and liabilities among the state and national banks, during this period of expanding American industry, has been of itself remarkable enough. For the present, I need only refer to two sets of comparisons — the statements of the comptroller of the currency, on the national banking system as a whole, and the reports of the New York clearing-house, on the banks (both national and state) of New York City. The comptroller's returns show that between October, 1896, when the American trade revival, now still in progress, fairly began, and December, 1900, the total resources of the national banks of this country increased more than fifty per cent — from $3,263,685,313 in 1896 to $5,142,089,692 at the close of 1900. It need only be observed, in addition, first, that the increase through the four-year period was normal and gradual and, second, that the increase in the number of banks reporting, during this period, was only a trifle over seven per cent, — from 3676 to 3942, — all of that increase, moreover, being made in the last few months. As regards the New York City institutions, it is sufficient to say that, as against a net deposit account of $523,589,900 on December 19, 1896, the report of December 22, 1900, footed up $838,804,400 — an increase of sixty per cent. The increase in loans had proceeded in equal ratio.

This expansion, in New York and in the country at large, was extraordinary; but it excited little surprise. It was accompanied by such significant phenomena as an equal increase of aggregate bank exchanges — the measure of current

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

trade. In the United States as a whole, the bank clearings of December, 1896, were $4,720,411,000; in the same month of 1900, they were $9,071,390,000. At New York City alone, bank clearings, which for the full year 1896 were $28,870,775,000, had risen in 1899 to $60,761,791,000, and fell not far short of this sum in 1900. In so far, therefore, as exchange of checks cleared by the banks is an index to the actual use of capital and credit, it will be seen that the fifty per cent increase in national bank resources was at a ratio very much less than the expansion, in the same period, of trade activity and the need for banking facilities. If we were to suppose that banking resources ought in the long run to increase in proportion to the volume of trade thus indicated, it must be evident that room was left for abundant increase in the credit facilities of other institutions.

This is undoubtedly the explanation of the immense expansion, during the last three years, of the resources of the trust companies. They found themselves possessed of facilities for indefinite extension of credit, less hampered than the banks by restrictions and taxation, and they reached this position at the moment when trade expansion outstripped the existing facilities of the deposit banks. What followed was therefore perfectly comprehensible. This article will be limited, for the sake of convenience in compiling the figures, to the companies of New York State; but what we find to be true in this state may be accepted as either reflecting or foreshadowing the conditions in other states. Now, if we take the reports of the state banking department and of the comptroller of the currency, we shall find that while between the end of 1897 and the beginning of 1900 the New York deposit banks of the national system increased their loans and discounts $135,000,000, or twenty-five per cent, the loans of trust companies in the state were expanded by $97,400,000, or thirty-seven per cent. The expansion of loans among the state banks has been in somewhat smaller ratio than in the national institutions. It appears, therefore, that loans of the trust companies have in this period increased in a ratio half as great again as the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

increase at the deposit banks. I have already indicated why this disproportionately large expansion in trust company operations was natural. There are, however, some peculiar circumstances in this expansion which have already drawn the attention of practical bankers to the institution, with some doubts, if not misgivings, and which make necessary a more thorough examination of the trust companies than would be called for if the expansion had occurred in institutions subject to the traditions and laws of the older banking system. It is the purpose of this article to review briefly these phases of the situation.

In the first place, the trust company was not designed, by the framers of the law which gave it the right to existence, for the functions of a general depository which have now become a most important part of its business. The real purpose of the institution is set forth in the trust-company section of the banking law of New York State.[1] Under that statute the trust company is authorized:

1. To act as the fiscal or transfer agent of any state, municipality, body politic or corporation; and in such capacity to receive and disburse money, and transfer, register and countersign certificates of stock, bonds or other evidences of indebtedness.

2. To receive deposits of trust moneys, securities and other personal property from any person or corporation, and to loan money on real or personal securities.

3. To lease, hold, purchase and convey any and all real property necessary in the transaction of its business, or which the purposes of the corporation may require, or which it shall acquire in satisfaction or partial satisfaction of debts due the corporation under sales, judgments or mortgages, or in settlement or partial settlement of debts due the corporation by any of its debtors.

4. To act as trustee under any mortgage or bond issued by any municipality, body politic or corporation, and accept and execute

[1] The general trust company law was passed in 1887, and amended in 1893 and at other subsequent sessions. There are, however, seventeen trust companies in the state chartered under special acts, their incorporation in nearly all cases having occurred between 1822 and 1887. These companies are subject to the provisions specified in their charters, rather than to those of the general act. But as their charters are usually more liberal than the general law, I have assumed the provisions of 1887 as applying to all.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

any other municipal or corporate trust not inconsistent with the laws of this state.

5. To accept trusts from and execute trusts for married women, in respect to their separate property, and to be their agent in the management of such property, or to transact any business in relation thereto.

6. To act under the order or appointment of any court of record as guardian, receiver or trustee of the estate of any minor, the annual income of which shall not be less than one hundred dollars, and as depository of any moneys paid into court, whether for the benefit of any such minor or other person, corporation or party.

7. To take, accept and execute any and all such legal trusts, duties and powers in regard to the holding, management and disposition of any estate, real or personal, and the rents and profits thereof, or the sale thereof, as may be granted or confided to it by any court of record, or by any person, corporation, municipality or other authority; and it shall be accountable to all parties in interest for the faithful discharge of every such trust, duty or power which it may so accept.

8. To take, accept and execute any and all such trusts and powers of whatever nature or description as may be conferred upon or intrusted or committed to it by any person or persons, or any body politic, corporation or other authority, by grant, assignment, transfer, devise, bequest or otherwise, or which may be intrusted or committed or transferred to it or vested in it by order of any court of record, or any surrogate, and to receive and take and hold any property or estate, real or personal, which may be the subject of any such trust.

9. To purchase, invest in and sell stocks, bills of exchange, bonds and mortgages and other securities; and when moneys, or securities for moneys, are borrowed or received on deposit, or for investment, the bonds or obligations of the company may be given therefor, but it shall have no right to issue bills to circulate as money.

10. To be appointed and to accept the appointment of executor of or trustee under the last will and testament, or administrator with or without the will annexed, of the estate of any deceased person, and to be appointed and to act as the committee of the estates of lunatics, idiots, persons of unsound mind and habitual drunkards.

11. To exercise the powers conferred on individual banks and bankers by section fifty-five of this act, subject to the restrictions contained in said section.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A careful reading of these paragraphs will establish the fact that the purpose of the legislators was to give powers to organizations for the specific and single purpose of acting as trustee — whence the name "trust company." In the matter of estates to be administered, whether directly or in coöperation with individual executors, and of action as agent for public or corporate bodies, the powers of these companies are clearly set forth in the statute. But there is not a word as to transacting the general business of a deposit bank. The state law regarding banks confers general powers for "receiving deposits," and the national bank law makes similar provision. The trust company act specifies in this regard merely the right "to receive deposits of trust moneys." The deposit of his personal balances by an individual does not, of course, fall under this category. But, on the other hand, the statute does not explicitly deny such powers, and indirectly it may be claimed that they are granted. The proviso of Section 8, cited above, that the company may accept "any and all such trusts and powers, of whatever nature or description, as may be conferred upon or intrusted or committed to it by any person or persons," is sufficiently sweeping to cover the general business of a depository. Therefore, no valid legal objection could be or has been raised against the invasion by the trust company of the peculiar field of a deposit bank. Whether the framers of the act did or did not anticipate such an outcome, — and it is quite certain that they did not, — the receiving and loaning out of deposits, similar in nature to those which an ordinary deposit bank invites, has become, in values involved, the larger part of the trust company's business. As long ago as the mid-year reports of 1899, the trust companies of New York State held as "deposits in trust" $261,588,488, while their "general deposits" had risen to $332,874,217.

One important difference between the law for trust companies and the law for banks resulted from the conception of the trust company as an agent or trustee. For reasons obvious enough, the individual agent, executor or trustee is not required to keep on hand as a reserve any sum of idle cash;

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and so no requirement of the sort was exacted from the trust company. But the bank of deposit, under both national and state laws, is required to keep at all times in its vaults a cash reserve varying from seven to twenty-five per cent of its outstanding deposit liabilities; and the purpose of the stipulation is plain. Depositors in banks, except those described and provided for as savings banks, have at all times the right to the immediate withdrawal of their deposits. Experience has taught that occasions will arise, in time of sudden alarm on the financial markets, when a great number of these depositors will demand their money simultaneously. If such demand falls only on one institution, or on a few, a solvent bank finds no trouble in promptly converting its loans or other investments into cash, which may then be turned over to the depositor. But if the "run" occurs at the same moment (as in July, 1893) on practically every deposit bank of the given community and of the whole country, then conversion of assets into cash, in time to meet the rightful demands of the depositor, becomes impossible. It is to guard against such contingencies that the law of deposit banks requires a certain percentage of deposit liabilities to be at all times kept on hand. So plain is the possibility of sudden insolvency in the lack of such provision that savings banks, from which, in order to grant the largest profits to depositors, no such reserve of idle money is required, are granted the discretionary right of requiring a two-months' notice of withdrawal.

All this is a very elementary statement of banking practice. It is well, however, to make it; because the trust company, under the new conditions governing it, has become a deposit banking institution, on precisely the footing of the regular deposit banks, but without the slightest restriction in the matter of cash reserves. From the foregoing summary of the statute governing these institutions, it is clear that not a word is said in regard to a cash reserve which must be kept in hand. On the other hand, Section 44 of the New York bank law, dealing with state deposit banks, provides that every bank or individual banker shall at all times have on hand in lawful money of the United States an amount equal to at least

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

fifteen per cent of the aggregate amount of its deposits, if its principal place of business is located in any city of the state having a population of eight hundred thousand and over; and an amount equal to at least ten per cent of the aggregate amount of its deposits, if its principal place of business is located elsewhere in the state.

One-half of such lawful money reserve may consist of moneys on deposit, subject to call, with any bank or trust company in this state having a capital of at least two hundred thousand dollars and approved by the superintendent of banks as a depository of lawful money reserve. If the lawful money reserve of any bank or individual banker shall be less than the amount required by this section, such bank or banker shall not increase its liabilities by making any new loans or discount otherwise than by discounting bills of exchange payable on sight, or making any dividends or profits until the full amount of its lawful money reserve has been restored. The superintendent of banks may notify any bank or individual banker whose lawful money reserve shall be below the amount herein required to make good such reserve; and if it shall fail for thirty days thereafter to make good such reserve, such bank or individual banker shall be deemed insolvent and may be proceeded against as an insolvent moneyed corporation.

Similarly, Section 5191 of the U. S. Revised Statutes provides that a national bank in any one of sixteen specified cities "shall at all times have on hand, in lawful money of the United States, an amount equal to at least twenty-five per centum of its deposits"; that every other national bank shall hold at least fifteen per cent; and that, whenever cash reserves fall below such percentage, contracting of new liabilities otherwise than by discounting sight bills shall be prohibited. Out of the fifteen per cent reserve of country banks in the national system, three-fifths may consist of balances on deposit in other specified institutions. Such are the public restrictions on deposit banks. The trust company section of the statute ignores the point entirely.

We have seen already why, with the legislature's theory of the trust company's business, this familiar safeguard was omitted. To require an authorized fiscal agent, executor or trustee to keep idle in a safe five, fifteen or twenty-five per

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cent of the funds expressly entrusted to it for investment, would be a foolish handicap to the usefulness of its labors. It is only now, when the trust company is departing, in the greater share of its business, from the original purposes of the institution, that the question has arisen: Is the system safe?

Let us, to begin with, see exactly what proportion the so-called "general deposits" of the trust companies, whose status is the same as that of bank deposits, bear to the "deposits in trust" which the law originally contemplated. I subjoin the returns, as of January 1 in each year, from the reports of the banking department of New York State:

	1898	*1899*	*1900*	*1901*
Deposits in trust .	$185,099,694	$197,664,749	$213,484,885	$245,367,995
General deposits .	198,229,029	269,519,509	310,056,684	392,753,774
Total deposits . .	$383,328,723	$467,184,258	$523,541,569	$638,121,769

In other words, the deposits obtained on the basis of ordinary banking, and subject to all the risks of an ordinary bank deposit, make up more than sixty-one per cent of the trust companies' total deposit liabilities and nearly half of all liabilities, including capital. Nor is this all: the table just presented shows that, while trust deposits, for the use of which this form of corporation was created, have increased only 24½ per cent in the last two years, the increase in general deposits during the period has been forty-six per cent. The trust companies' deposits are likely to increase quite as rapidly in the future, because of the readiness with which they pay interest of two to five per cent on current deposits. The banks have of late years paid no interest to individual depositors, taking the ground that the granting of facilities for clearing checks and for drawing upon or remitting to distant points is sufficient return of service. But the trust companies, since their invasion of the deposit banking field, do all this. As depositors in the clearing-house banks, they require of such banks extension of all exchange facilities, and they pay interest in addition — this being easily practicable, since at the worst they receive an equal interest themselves from their depositaries.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Under such circumstances it is hardly surprising that depositors have more and more tended to confide their moneys to the trust companies.

Now let us see the practical result. Not to weary the reader with particulars, it should be noticed that the state banks of New York hold in reserve, against their deposit liabilities, a cash fund amounting on the average to thirteen per cent. By the comptroller's returns at the close of 1900, the national banks of New York State, outside of the larger cities, held in their vaults, in actual specie and legal tenders, 12¾ per cent of their deposits, while the New York City banks alone held twenty-six per cent. The trust companies of the state, by their report of January, 1901, had deposit liabilities of $638,121,769, against which they held, in actual cash, $9,365,171, which is less than 1½ per cent. Even if, for the sake of more exact comparison, all deposits strictly in trust are excluded from the reckoning, we shall find that against the $392,753,774 deposits on a simple banking footing, and subject to demand, the cash in the companies' own vaults is only 2⅜ per cent.

The trust company, however, will answer readily that what they lack in actual cash on hand they have in abundant measure in the shape of demand deposits with other institutions. The "country bank" of the state or national system is allowed by law, as we have seen, to count as part of its minimum reserve a specified proportion placed on deposit with other banks. Of the fifteen per cent reserve exacted from smaller national banks, three-fifths may be thus transferred; of the ten per cent minimum of the New York State bank, one-half. If the trust company includes its re-deposits with its cash on hand, its position seems materially better. As against the $9,365,000 held in cash in their own vaults, last January, by the fifty-seven trust companies of the state, they report ten times as much, or $96,337,000, as "cash on deposit in banks or other moneyed institutions." Their total reserve fund, computed on this basis, amounts to 26⅞ per cent of "general deposits" only or to 13¼ per cent of all such liabilities.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Either percentage is larger than the minimum of the state or national country bank. It is, moreover, larger than the savings bank reserve. Against their $947,129,000 deposits, the New York savings banks held, last January, $9,742,000 cash on hand and $62,865,000 deposited in other institutions. This is a total available cash reserve of only 7½ per cent. On the mere face of things, therefore, the trust company seems to be the best-guarded institution of the four.

There are, however, several reasons why this is not so. The savings banks are restricted by law, with the utmost care, as to the securities and mortgages in which the deposits may be invested. In regard to stock and bond investments, outside of federal, state and municipal obligations, the lines are drawn very narrowly. As to mortgages, the proportion of a savings bank's deposits to be thus invested is definitely limited. So with the state deposit bank. Such a bank may earn its revenues (Section 43) "by discounting and negotiating promissory notes," *etc.;* "by buying and selling exchange, coin and bullion; by loaning money on personal security." It may "become the owner of any stocks or bonds or interest-bearing obligations of the United States, or of the state of New York, or of any city, county, town or village of this state, the interest of which is not in arrears." But this is all. Real property the bank is explicitly forbidden to "purchase, hold, or convey" for any purpose, except for "its immediate accommodation in the convenient transaction of its business," or when the realty "shall be mortgaged to it in good faith, by way of security for loans" made by the bank, or when it shall be conveyed in satisfaction of previously contracted debts or acquired by purchase "under judgments, decrees or mortgages" held by the institution.

These are plain rules, and their necessity is obvious to any one who reflects on the history of the numerous mortgage institutions in our own and foreign countries. Now let us turn back to the law, above cited, regulating the business of trust companies. We shall find that these institutions are empowered "to loan money on *real* or personal security" — not,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

like the banks, on personal security alone — and "to lease, hold, purchase and convey any and all real property" coming into their hands under such conditions. They may "purchase, invest in, and sell stocks," with no limitation, as in case of the banks, to securities issued by the United States or by the state, counties or municipalities of New York. It needs but a glance to see the vastly wider opportunity here, not necessarily for bad investments, but for investments which cannot be readily converted into cash. These broader powers of investment were a necessary incident of the trust side of the operations of these companies, where the nature of the business differed radically from that of a simple deposit bank. But let us picture a national or state bank suddenly empowered to deal in railway stocks and real estate. Probably this would be criticised as an invitation to "wild-cat banking." Yet it is precisely this condition which exists in the larger part of the business done by the trust companies.

Again, as regards the matter of reserves. Here we must notice, as regards the savings bank, that its deposits are not strictly payable on demand.

> The sums thus deposited shall be repaid to such depositors . . . after demand, in such manner, and at such times, and after such previous notice, and under such regulations, as the board of trustees shall prescribe [New York banking law, Section 113].

This is the authority for the well-known "sixty-day notice" proviso, rarely applied except in time of panic, but then a safeguard to the whole community. Without that recourse, as employed in the run on the savings banks in midsummer, 1893, it is an absolute certainty that one of two catastrophes must then have happened — suspension of the savings banks, as Western savings banks, lacking the safeguard, suspended, or stoppage of payments at the deposit banks whose surrender of the savings bank accounts had crippled them.

The trust company's case, then, is not analogous to that of the savings bank. For two other reasons it is not analogous to the country bank's position. In the first place, most of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the six hundred millions of trust company deposits are not held by country institutions but by city companies with enormous liabilities. There are trust companies in the largest cities of New York, which, with four to seven millions in deposits, keep cash on hand of only three to ten thousand dollars. A "country bank" would be allowed no such privilege under any system, and a city bank, be its charter national or state, would be forced to dispense wholly with the re-deposit of reserves. While the reserve requirements for a country deposit bank are low, — five per cent in cash on hand and ten per cent on hand and on deposit, — the requirement is at any rate absolute. It is a minimum below which no bank must allow its reserve to fall. But for the trust company's reserve no minimum is prescribed. There are companies in New York City carrying on hand or in other institutions cash in the ratio of twenty per cent of their general deposits; but there are also companies — chiefly in smaller cities — which carry a total reserve hardly exceeding five per cent. So far as the statute is concerned, they need not have kept that. With the broadest powers for investment of deposits enjoyed by any institutions is combined an absolute immunity from the safeguards thrown by law about the depositors in other banks. The instinct of prudent banking on the part of its managers and the manner in which its banking agents and associates insist on proper business practices are the real protection to the depositor in trust. It is, then, not surprising that the New York clearing-house has by resolution required the trust companies, which are allowed to clear checks through it, to submit frequent and detailed statements of their operations.

There is reason to believe that, as a class, the trust companies are wisely and prudently managed. Whether this fact, under present conditions, is or is not enough to warrant dispensing with ordinary legal safeguards and restrictions, must be judged in the light of banking history. The answer to such an appeal would, I think, be promptly in the negative. The simple truth of the matter is, that either the state and national banks are unreasonably restricted, or else the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

precautions surrounding trust companies are extremely loose. There is, I think, no escape from the second of these conclusions. How the situation arose we have already seen. Circumstances have led the companies into a line of business never contemplated by the authorizing act, and the act has not been changed. The bank and clearing-house precautions at New York will do very much to obviate trouble; but who is to watch the trust company of the country districts? Every one knows what has happened to banks, in times of financial strain, between the visits of the bank examiner.

But it is not at all necessary to assume that trouble will come through dishonest or reckless management. There is a broader question lying behind the whole problem of the trust companies. The phenomenal rise of these institutions has occurred in a series of years of great prosperity. No institution or system can be pronounced entirely safe which has not been "tried by fire" in a financial crisis, and the trust company system, as now conducted, has not been thus tried.

It is possible that the American money market will never again witness the destructive phenomena of 1893. But this consummation, however devoutly to be wished, is very far from certainty. In 1880 it was plausibly argued that we should never witness another 1873; in 1871 the recurrence of 1857 seemed in the highest degree unlikely. It is true, indeed, that no one of these three years of crisis duplicated the events of its predecessor. But there were some phenomena which were repeated on each occasion with unerring accuracy, and one of those phenomena was a sudden and general demand for their funds by bank depositors. There is room to argue that America's altered position on international exchange, turning it from a debtor nation into a creditor, will prevent in future the worst of former panic disasters. But if this be conceded, it is very far from proving that our banking institutions will never be subjected to another sudden strain, and it is the part of prudent banking legislation to keep in view the gravest possibilities while framing its safeguards. The experience of 1893 sufficiently proved the system of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

re-depositing bank reserves in other banks, subject to demand, to be, as Professor Amasa Walker described it many years ago, the most explosive element in American banking.

Eight years ago the general banking collapse was directly brought about by the demand of country bank depositors for their funds, followed by urgent recall by these banks of their deposits in city institutions which could not spare the money. Yet every dollar of the ninety-six millions deposited in bank by the trust companies is an addition to this explosive fund. The trust company, under its present status, is as much subject to a run of depositors as was the country bank in 1893; the average ratio of its cash reserves to deposits is less than half that of the country banks of the panic year; and it is quite at liberty to keep no reserve at all. Yet a run of its own depositors would force the trust company to recall its funds from the deposit bank, and at a time when a run might be in progress on that bank as well. The extraordinary pace at which these accounts are increasing and the lack of requirement for liquid investment of their funds we have seen already. It is not easy to avoid the conclusion that, however plain may be the sailing of the companies to-day, the present status of the law constitutes an element of the greatest danger for the future. The banking law, in my judgment, ought unquestionably to be amended so that institutions doing a simple deposit banking business under another name shall be required to erect the safeguards demanded of the banks.

ALEXANDER D. NOYES.

NEW YORK CITY.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE MUNICIPAL ACTIVITY OF AN ENGLISH CITY.

THE descriptions of English municipalities that are current in the United States vary between a bare abstract of the Municipal Corporations Act and a somewhat optimistic account of the public services performed. It may, therefore, not be without interest to set forth the way in which the local government is actually carried on in an ancient city which is very far from being a model to the world.

The City and County of Norwich occupies an area of 7567 acres and has a population of 112,000. Its municipal history stretches back to the twelfth century; but the first important charter was that granted in 1413 by Henry V, by which the government of the city was vested in a council of twenty-four aldermen and sixty common councilmen. Another charter, granted by Charles II, considerably altered the constitution of the council and placed electoral power in the hands of the freemen of the city. The corporation as constituted by the last-named charter remained unchanged until 1835, when, in common with the rest of England, the city had to submit itself to the Municipal Corporations Act.

The district under the jurisdiction of the Norwich city council is coterminous with that under the Norwich school board and the board of guardians of the poor; and these three bodies comprise the whole of the local administration.

The number of electors on the roll in 1898 was 21,151, the qualifications entitling to insertion on the roll being those common to all English municipalities. The roll is compiled by a registration officer, who is appointed by the board of guardians acting as the overseers of the Parish of Norwich. By the Norwich Municipal Act of 1889 the forty-three ancient parishes of the city were constituted one parish for all purposes

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

other than ecclesiastical. The preparation of the register of voters is keenly watched by the agents of both political parties, who respectively dispute or uphold before the revising barrister — a judicial officer appointed annually by the Lord Chancellor to revise the electoral roll — the claims of citizens belonging to the different parties. The varying interest of the electors in the municipal contests may be gauged by the fact that in 1896, 80 per cent, in 1897, 43 per cent, in 1898, 63 per cent of the number of voters on the rolls of the contested wards voted at the elections.

At the redistribution of wards in 1892 the city was divided into sixteen wards, each of which is represented by three members in the council. The councillors sit for three years, but one-third of them retire each year, so that only one councillor per ward is elected annually. Aldermen hold office for six years. They are elected by the council from among its members or persons qualified to be such. So there is a chance that an alderman may never have been a councillor, but it is usual to elect to the aldermanic office persons who have had experience in municipal work. The number of aldermen is required to be one-third of the number of councillors, and every third year one-half of the whole number of aldermen go out of office, those who have held their positions longest being made to retire. In reviewing the election returns for each ward since the redistribution, we find that eight wards were distinctly Liberal, seven Conservative, while one has oscillated. In population nine of these wards have remained practically stationary, four have increased by about 1000 persons each, one by about 3000 and two by about 4000. These figures are very rough approximations, calculated from the number of electors on the roll in each ward during the last eight years. During the last thirty years only one ward election has been petitioned against as invalid. On that occasion the two members returned were charged with bribing and treating, either personally or through their agents. One man was distinctly proved to have bribed and treated voters; but the judge held that he was not the agent of either candidate and that, as

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

neither the candidates nor their agents had been guilty of offense against the laws regarding bribery and corruption, the election was valid.

I. *Municipal Party Politics.*

A résumé of the electoral history since the last redistribution of wards cannot be characterized as exciting. The first election, in 1892, produced no municipal war-cry. The Liberal party won eight seats. The council was at once approached by the freemen of the city, who reiterated their belief in their right to share among themselves the revenue of the town-close estate. To this the council replied that, as the court of chancery had declared the estate a charitable trust, the matter did not come within their jurisdiction. The question of the unemployed caused some trouble and, as a palliative to the distress of the workers, the council provided labor for about a hundred of them in street improvements. The trusteeship of the Great Hospital created warm discussion. It was asserted by some of the members that, as the money bequeathed to the Norwich charities was given at a time when one Protestant church was by law acknowledged, the revenues belonged rightly to the Church of England or its representatives, and it was therefore but just that the trustees nominated by the council should be members of that church. The business was settled by making the mayor and the chairman of the board of guardians trustees *ex officio* and permitting the council to choose the three other members of the board from either the churchmen or the dissenters. This result, brought about by the Liberals, is a fair example of the changes in a year in which the Liberal party was the most energetic in municipal affairs.

The election of 1893 continued the Liberals in power, but they succeeded in obtaining only one additional seat. During the winter the number and the condition of the unemployed were much discussed but nothing was done for them. The largest item of expenditure sanctioned in this year was £37,000 for paving. The pavement has been laid down partly in wood,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

partly in granite. The streets of the city are all very narrow, and in those that have been paved with granite the noise created by the traffic is excessive. Hence in several places — such, for example, as the vicinity of a school — the new granite paving has been pulled up and replaced by wood blocks. The election at the end of the year shifted the balance of power slightly to the Conservative side. The new council acted the rôle of the new broom. It attempted to economize and, as a preliminary, a committee was appointed to investigate and report on the ways and means of rearranging the office staff, so as to effect a reduction of salaries or the amalgamation of offices. The scheme presented was so drastic in its provisions that it was rejected by the council. A rather lively discussion took place at the second meeting anent the election of aldermen. The Liberals supported the claim to an aldermanship of an ex-councillor who had just been rejected by the voters, and they succeeded in securing the election of their nominee. The council had a dispute with the Blofield rural district council, one of its neighbors, over the responsibility for the state of the river, but matters were amicably settled through the payment by the city council of £500 towards the expense of clearing the river.

The election of 1895 made a very slight reduction in the Liberal majority. The absorbing question of this year was the new bill which the gas company of the city was introducing into Parliament, and the council again failed to bring to any successful issue a plan to acquire control of the gas supply. The money for the sewage system had to be provided, and city stock to the amount of £72,000 was easily marketed. The scheme for providing public baths had been sanctioned by the council a couple of years earlier, but it was not till this year that they were really started. The council bought the old Museum building, when the collection belonging thereto had been presented to the town, and converted part of it into baths and the remainder into offices for the board of guardians. The end of the year was signalized by a victory for the Conservatives, who out of ten candidates presented for election obtained the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

return of nine. This success made the strength of the two parties almost equal in the council.

1897 was preëminently the year of tramways business, tempered only by Jubilee festivities. The spirit of peaceful rejoicing so possessed the council that the party leaders agreed that the election should be undisturbed by contest, so that the existing even adjustment of parties might continue; and to this arrangement the electors gave their adhesion.

1898 saw the tramway system fairly started, and the year was fully occupied by all the numberless details involved in its progress. The questions of compensation for property required in widening streets, the opposition to the destruction of old landmarks which age and historic associations rendered dear to the people, the outcry over the blocking of the streets — all rendered the laying of the tramways a lengthy and vexatious work to the council. The city medical officer renewed his representations regarding the necessity for more accommodation for fever patients. His scheme for the building of a new hospital was negatived, but after months of discussion some additions to the isolation hospital were authorized. At Westminster a new bill brought forward by the waterworks company of the city was strenuously opposed by the council. It succeeded in restricting the company's demands for new capital, but failed in the effort to secure a clause empowering the council to introduce water-closets in the slums. Thus the council was checked in its endeavor to assist the citizens in procuring more easily those sanitary reforms of which Norwich stands so much in need. The slum question, which had just been attacked by the local authorities, was much complicated by this failure. There are some hundreds of courts and yards which are badly lighted and have utterly inadequate sanitary arrangements. A test case was brought before the magistrate, on the question of the council's right to force the owners of such courts and yards at their own expense to put them into a state satisfactory to the sanitary inspector, and on this issue the council won.

The elections for 1899 were again unexciting, no change of party taking place. Tramways business was still conspicuous

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

this year, and it was necessary for the company to get another bill from Parliament for the addition of an alternative route to that provided in the first bill. Even with this provision, it seems hardly possible for the electric cars to run with safety through the narrow streets, which normally are congested with traffic without the presence of cars. In this year the city council, in conjunction with the board of guardians, who are responsible for the assessment and collection of the rates, attacked the rating question. They decided to reassess the city and to reduce the percentage deducted in consideration of the landlord's compounding to pay the rates on behalf of his tenants. They believe that the ratable value is much too low all over the city and that, by increasing this and at the same time making the compounding allowances less advantageous to the landlord, the rate per pound now imposed ought easily to sustain some reduction.

At the present writing the tramways are completed, but the revaluation of the city, with the drawing up of new rules for compounding and collecting rates, gives the existing council plenty of work and a chance to show whether Norwich possesses the stuff of which capable reformers are made.

II. *Organization and Procedure of the City Council.*

The city council consists of a mayor, a sheriff, sixteen aldermen and forty-eight councillors. As at present constituted, the council has in its ranks 19 merchants, 11 lawyers, 9 manufacturers, 4 brewers, 3 doctors, 3 secretaries to companies, 2 architects, 2 auctioneers, and one each of the following: insurance agent, trade-union secretary, banker, chemist, engineer, editor, builder, clerk, farmer, squire, and one person described only as gentleman. During the last half century the most notable change in the kind of councillor to whom the citizens have entrusted the city's welfare has been the introduction of a certain democratic element, rendered possible by the removal of the property qualification for councillors, but this element is as yet only small

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In former years municipal elections were treated solely as a trial of strength of political parties, in which, roughly speaking, the Conservatives coincided with the Church of England party, the Liberals with the Dissenters. This does not now obtain to such an extent, and questions are more often decided on their merits. There is no very great difference between the parties on general municipal issues. The Liberal party alone professes any favor for the principle of the municipalization of public services, but Norwich has done scarcely anything in this direction.

The most assiduous members of the council are those who act as the party leaders on each side. These two probably devote to their municipal duties six or eight hours a week, the least attentive members perhaps a few hours per month, while the average member puts in an hour a week.

The council meets at least once a month, and the meetings last about two and a half hours. If the business on the agenda cannot be completed within three hours, it is usual to adjourn; but occasionally an exciting meeting has extended to five hours, while the minimum time occupied is half an hour. The time of meeting is 4 P.M., except for the first meeting of the municipal year, on the 9th of November, on which day the hour is noon. The quorum is twenty-two, as it is laid down by the general act that one-third of the council is necessary to make a quorum.

All meetings are open to the public and to the press, and six reporters usually attend. The agenda is printed and sent by post in advance of the meetings to the councillors and to the local journals, while in addition copies are displayed in the free library.

The standing committees with their sub-committees number in all thirty-one. The most important of these are: the asylum committee (21 members), the burial board (11 members), the city committee (22 members), the finance committee (17 members), the market committee (19 members), and the sewerage and irrigation committee (15 members), which meet every month; the executive committee (24 members) and the sanitary committee (20 members), which meet once a fortnight; and the watch committee (22 members), which meets every week. The finance committee, in addition to its full committee meeting

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

every month, has a rota of members meeting once a week, while the law and parliamentary committee (20 members) has no fixed meetings. Several sub-committees are attached to each of these, and eight members is the average number which is appointed to serve on sub-committees. The committees for courts and yards (16 members), general purposes (18 members), loans (11 members), street improvement (14 members) and tonnage and navigation (11 members) meet only when there is business for them to transact. The committees for the free library (24 members), for the museum (25 members) and for technical instruction (25 members) are all authorized to add to their membership private citizens who take an interest in such subjects. Another committee, styled the Conservators of Mousehold Heath, is peculiar to Norwich and is exceptionally constituted. Two citizens are chosen by the council, two are elected by the vestry of the parish of St. James to represent the inhabitants of Pockthorpe, and one is nominated by the First Commissioner of Her Majesty's Works and Public Buildings — a department of the national government.[1] Finally, there is an assessment committee (20 members), of which the council and the board of guardians each elects half. This election is made by each body at the first meeting held after April 5; and the committee then appointed holds the office for twelve months, even if in the interim some of its members lose their seats on the council or on the board. This committee, which was specially constituted, and which had its duties set forth in the Norwich Corporation Act, 1889, is required to send its reports to the national government direct.

When the council meets for the first time after an election, it proceeds to elect a mayor, a sheriff and aldermen for the ensuing year. The minutes of committee business transacted since the last council meeting are submitted for approval and the treasurer is ordered to pay the accounts for committee work just sanctioned and for salaries, *etc.*, due at the date.

[1] This Heath is a stretch of uncultivated land, of which the ownership was disputed, but which the Court of Chancery ultimately declared, as against the claims of the people of Pockthorpe, to be an estate vested in the city.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The report of the late election is submitted and the names of the new councillors are announced. The council then appoints the asylum committee, in accordance with the Lunacy Act of 1890, the Conservators of Mousehold Heath, under the Mousehold Heath Scheme Confirmation Act, and a "selection committee," consisting of the leading members of the two political parties and including the most experienced councillors. The days on which the meetings of the council shall be held during the year are decided, and the by-laws of the corporation are formally reënacted. Finally, any special reports of committees are considered. At the second meeting the selection committee submits for approval or alteration the names of those members whom it considers best fitted to serve on the various committees, which are thereupon formally appointed. At all meetings other than special, the first business is the formal ratification of such work of the committees as their chairmen consider to require the sanction only, and not the deliberation, of the council. Then the different committees having special matters to submit to the council make their reports and recommendations to it for discussion. At quarterly meetings the treasurer is authorized to make all necessary payments for the city. At a meeting in December the general-purposes committee submits the tenders received from tradesmen for the supply of materials throughout the following year. Standing committees exercise authority specially delegated to them by the council, and the first item on the agenda of every ordinary council meeting is:

To confirm and approve of the proceedings of the last meeting of the Council, and the acts of the committees subsequent thereto, as entered in the minute books of the several committees, with the exception of such parts thereof as are inserted in this summons for consideration;

while a standing order enacts that

it shall be the duty of a committee, through the chairman as their representative, when their minutes are submitted for approval to the Council, to call the attention of the Council to any matter of an unusual or special character, and notice thereof shall be given on the summons for the meeting of the Council.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Of the committees, one, the asylum committee, is practically independent and reports to the council only as a matter of form. At the July meeting in each year a resolution is put that the committees be instructed to transact as little business as possible in the month of August. If anything urgent does crop up, the chairman or vice-chairman has the responsibility of deciding what shall be done. The chairman of a committee is also chairman of its sub-committee; but the mayor, who is always chairman of the watch committee, does not act on the sub-committees of the watch. The chairmanship of each committee is by standing order decided at the first meeting of the committee, and it has been the custom to elect the same chairman year after year, as long as he remains in the committee. Another standing order forbids any member from holding the chairmanship of more than one of the important committees. The mayor, who is *ex officio* a member of every committee, is always chairman of the watch and of the general-purposes committees, and he is by the deed of settlement of the Museum *ex officio* a member of its committee.

A member may serve on any or all of the committees. Each councillor acts, on an average, on six committees; the maximum number on which one member serves is eighteen, and the minimum, two. There is little regard paid to the political opinions of members in the selection of committees. It is usual to keep the same members on the same committees from year to year, vacancies left at election time being supplied by new members. What the council aims at is expressed in a speech recently made by the Liberal leader: "Appointments to committees ought to depend on the personal qualifications of the individual." All committee meetings are private, but their minutes and accounts are open for inspection to rate-payers on payment of one shilling. It is curious to note that no advantage has ever been taken of the last-named regulation. Councillors may see the minutes of committees one day before a council meeting. An attempt was made in 1897 so to alter the procedure in committee business that all members would have a fair chance of knowing what transactions had led up

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to the resolutions to be laid before the council. Committee books were never ready earlier than a day before the council meeting, and thus there was no sufficient time to allow all the other councillors to look into things before recording their votes. The proposal to have committee business printed and circulated among the members before the council meetings were held was lost, although the practice prevails in other municipalities. Since then, although grumbling is indulged in, nothing has been done to amend the system. A weekly diary is issued to each councillor containing notice of all the committee meetings; and, in addition, if any important business has to be considered, a special printed notice announcing the same is issued to the members of that committee.

The city of Norwich does not indulge its councillors in any refreshments, allowances or other payments. The only deputation which the Corporation sends regularly is that to the annual congress of the Sanitary Institute. The health officer and one councillor are delegated to attend the congress, and their expenses are defrayed by the council.

III. *The Mayor and the Subordinate Officials.*

The mayor is, as we have seen, elected annually by the council. A curious custom, prevailing in Norwich since 1860, prevents the office from being held in successive years by the same person. According to this custom, the mayor and the sheriff are always chosen from different political parties, and each from the party opposed to that of his predecessor. Thus, if in one year the city has a Conservative mayor and a Liberal sheriff, in the next it has a Liberal mayor and a Conservative sheriff. By the Municipal Act of 1835 the mayor had to be elected from amongst the members of the council. As this often led to a difficulty in finding a candidate for the mayoral chair, the act of 1882 altered the wording of the clause, and it now reads that the mayor must be a member of the council or "a person qualified to be such." Thus we often have the office held by a person who has never had any experience in municipal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

work, and in such a case the mayor is a mere social figure-head. During the last fifty years the mayoral chair has been filled twelve times by a lawyer, ten times by a merchant, seven times by a manufacturer, five times by a brewer, four times by a doctor, three times by an insurance agent, twice by a dentist, a banker and an auctioneer, and once by a contractor, a chemist and a person described only as "a gentleman." The most important part of a mayor's work is his magisterial duties, which often occupy several hours a day, and his attendance at meetings, business, charitable or social. No salary is attached to the office, but under very exceptional circumstances a special sum may be voted by the council to defray extraordinary expenses. Such a case occurred when the city was visited by the Prince and Princess of Wales in 1867, on which occasion £935 was voted to the mayor. It is believed that the minimum expenditure which this office entails on its holder in ordinary years is £500. The mayor is *ex officio* one of the trustees of the Great Hospital, a charitable institution which was once wholly in the hands of the council but which is now controlled by a body of governors under a scheme of the Charity Commissioners. It is a matter of personal taste with the mayor how much he enters into affairs outside purely municipal functions; but he is, of course, much in demand on all ceremonial occasions as the elected head of the citizens.

The staff of the city council contains twenty-two heads of departments, each being responsible to his committee and through it to the council. The other employees number nearly four hundred. One calculation gave 28 clerks, 31 professional experts, 12 inspectors, 138 subordinate attendants, 10 mechanics and 260 general laborers as the constitution of the staff. Appointments are made formally by the council, on the recommendation of the committee concerned. Vacancies on the staff are invariably advertised, but the council does not hold examinations for candidates. Higher positions are sometimes filled from members of the existing staff, but for the heads of departments the council has displayed a predilection for candidates from other parts of the kingdom. The power of local influence has,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

however, by no means vanished. Promotions are treated in the same way as appointments, but it cannot be said that length of service determines promotion to the highest places. Promotions are made when a vacancy has to be filled, not at any stated periods. There is no fixed scale of wages laid down, but the minimum wage of an adult laborer is fivepence an hour, and the minimum yearly salary of an adult male clerk (there are no female clerks) is £70. The highest salary paid is that of the town clerk, £1200. The office hours are from 9.30 A.M. to 5 P.M., or later when there is a press of work. The office staff get a fortnight's holiday, the town clerk a month. The council has no settled scheme of superannuation pensions except for the police force, and to this the national government pays a contribution. In a few cases the council has granted pensions to retiring officers.

The town clerk gives all his time to municipal affairs, and a stipulation to this effect has always belonged to his office. The clerkship to the Commissioners of the Yare and Wensum and to the Mousehold Heath Conservators is always held in conjunction with the town clerkship, and an additional £25 for each of these is paid. The duties of the town clerk are to attend all the meetings and to act as the legal adviser of the city. Instructed by the council, he acts as their agent in entering into contracts, and with the mayor and deputy-mayor he acts as custodian of the common seal. It is customary for the town clerk to attend the mayor and council when they, in their official capacity, walk in procession to public worship. It is evidence of the strength of the Dissenting bodies in Norwich that the mayor and council go alternately to the Cathedral and to one of the Non-Conformist churches.

IV. *Revenue and Finance.*

The main sources of income of the corporation other than rates are: rents of city property; investments in stocks; the profits of the markets, dues, tolls, licenses and other miscellaneous receipts; and government subventions. The only

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

public service performed by the council which produces a profit is that of the markets.

The rates levied by the city council are two, the borough rate and the general district rate, which for the past year were respectively two shillings and four and tenpence per pound on the annual net rental value of land and houses. There is no legal limit to these rates, but there is to the part of the general rate which may be appropriated for certain purposes. Thus, the Norwich Corporation Act of 1889 limits the rate for the support of the free library to twopence in the pound, and for purposes of technical instruction the general act makes the limit one penny in the pound. The borough rate includes the sum required by the school board (about a shilling in the pound), so that the only other rate levied by any local authority in the city is the poor rate, of about two shillings in the pound. The collection of rates is carried on by collectors appointed by the board of guardians and paid fixed salaries. The payment of rates is made in the office of the board on two days of the week; on the remaining days the collectors go out to collect from the householders. The number of ratepayers is about sixteen thousand, and of these very few are summoned before the local magistrates for default. Distress warrants are rare, and imprisonment is unknown. Owners of small cottages are allowed to compound their rates, if they agree to be rated instead of the occupier or if they consent to be rated whether their property is occupied or not. In each case an abatement of fifteen per cent is allowed. These rules for compounding, which are unequalled in the kingdom for their kindness to landlords, are likely to be altered; and the city expects to gain by the change, so as to be able to lower the rates and to lose its reputation as one of the most highly rated cities in England. This, at least, is sure, that if 18,000 out of a total of 27,000 houses rated are compounded for, giving a loss of thirty per cent on the rates of two-thirds of the city, an arrangement reducing the allowance for compounding will bring some grist to the mill of municipal affairs.

The outstanding public debt of the city was, thirty years

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ago, £35,670; twenty years ago, £238,380; ten years ago, £173,231; and it is now £239,300.

There are three auditors, two elected by the citizens, and known as the elective auditors, and one, unpaid, appointed by the mayor and called the mayor's auditor. These three officials are in Norwich invariably public accountants. Curiously enough, no provision for their payment is made by the general Municipal Act; under the Public Health Act, however, an appropriation is authorized for auditing the accounts of the Sanitary Department, and the two elective auditors chosen for this purpose receive an additional payment in consideration of their undertaking all the municipal accounts. Norwich possesses a quaint legacy of £40 left to it early in the sixteenth century, upon the condition that at least once a year the corporation of Norwich should have an extra meeting in order to audit the city accounts. The interest of the legacy was to be used to defray the expense of a supper to refresh the city fathers assembled, on the completion of their financial efforts. This interest is now merely an addition to the fee granted to the auditors by the council. It is the custom of the auditors to have in hand the verification of some of the account books all the year round, and thus to render the final balancing less heavy. They are, in addition, sometimes called upon to make special investigations of cases of fraudulent account keeping. Their report is published every year.

V. *Public Services undertaken by the Council.*

The public services which are undertaken by the city council embrace the following: the maintenance of a lunatic asylum, an isolation hospital and a cemetery; dust removal; drainage; paving; cleaning; scavenging; street lighting; maintenance of highways and bridges; fire brigade; police; technical instruction; free library; museum and art gallery; music; parks and baths.

The present lunatic asylum was founded in 1880; and the need for it has steadily increased with the growth of the town, so that it is now proposed to build a larger one. The farm

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and garden attached to it, which for some years did not pay their way, have since 1889 shown a profit. The isolation hospital was founded in 1893. It is also inadequate for the city, and the medical officer has time after time pointed out the short-sightedness of the policy which omits to provide means for the isolation of all infectious cases — a policy which, in the opinion of that officer, was responsible for one-third of the cases of scarlet fever. The hospital does not provide even one bed per two thousand inhabitants, whereas it ought to have at least one per thousand.

Technical education has been fostered by the corporation, through the maintenance of a school in which training is given in every possible branch of shoemaking, the chief trade of the town; while, in addition, typography, plumbing, carpentering, wood-carving, woodwork, metal-work, needlework, dressmaking, dress-cutting and cookery are taught. This work has all been done in very inadequate buildings, but a fine new institute approaches completion. The council also defrays the expense of instructing boys in elementary schools in manual work, and its staff trains teachers, under the jurisdiction of the Norfolk County Council, in this subject. University extension lectures also have been on some occasions subsidized by the council.

Norwich was one of the first cities in England to avail itself of the Public Libraries Act of 1850. In that year two-thirds of the citizens, by the referendum, declared themselves in favor of adopting the act, but not till 1857 was the building completed. Its usefulness was marred for the first period of its existence by the restrictions of the act, which legalized the appropriation of part of the city revenues to build the library, but not to purchase books. Dependence, therefore, had to be placed upon private gifts of books. A new life entered into the old institution in 1877, when it became possible to use the rates for book-buying, and a congestion of borrowers has prevailed ever since. Moreover, a large reference library has been opened which is particularly rich in local records. In 1890 the library was thrown open on Sundays; and the privilege of Sunday reading has been so eagerly used that, although it was granted

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

at first as a temporary measure, the council has never reversed its action. The library committee have several times arranged winter courses of popular lectures, but these unfortunately were not sufficiently in demand to warrant their being made a standing attraction to the library.

Norwich Castle, one of the finest examples of Norman architecture in the country, became the property of the city when it was given up some years ago by the Prison Commissioners, a department of the national government. Through the generosity of various private donors, the restoration of the castle was effected and the interior was fitted up as a museum and picture gallery. Then the subscribers of the Norfolk and Norwich Museum, a voluntary institution, gave up their valuable collections to the city, and these were placed in the castle. The museum had received many gifts as a private concern; but since it has become the property of the citizens, the most noteworthy gift is that of the late Mr. Colman (of mustard fame), who, besides a great many pictures of the Norwich school of painting, bequeathed many valuable books, local documents, drawings and plans. In the muniment room, which is fireproof, are kept all the municipal records; and these form one of the most valuable collections of its kind in Britain, for the charters therein preserved go back to the twelfth century.

Norwich, in former times, ranked among the first five cities in England. As such, it has acquired during its career much corporate property, bequeathed by its prosperous merchants. The portraits of city magnates which it possesses are all creditable examples of the periods to which they belong, but the city glories most in its Gainsborough — a portrait of Sir Harbord Harbord — and a portrait of Nelson, who, as a Norwich grammar-school boy, is the hero of the youth of the town, and whose sword, the property of the city, is gazed upon with awe in its glass case in the Guildhall.

The city's plate is particularly fine — so fine that the construction of a new safe for its reception was recently necessary, at an expense against which many of the rate-payers protested. The number of silver flagons, ewers and "beere" bowls testifies

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to the convivial habits of the ancient fathers, the crystal and silver maces and chains of office, to the pomp with which they carried out their civic functions.

The taste for music is encouraged by public organ recitals in the winter and the playing of bands in the parks in the summer. The city organist receives £100 per annum for his duties in connection with the popular concerts, paid partly by the proceeds of a small entrance fee to the concert hall and partly by the corporation. The bands are voluntary organizations, but the twopence gate money charged when they play serves, when expenses are paid, to give a small sum to each band at the end of the season.

In the matter of parks Norwich is, within the city, less well served than it should be ; but Mousehold Heath, to which reference has already been made, is a very large public pleasure ground just outside the city, which will soon be made easily accessible by electric car and will each year become more necessary as a breathing place for the inhabitants. The corporation has expended much money and care on the laying out of old churchyards as recreation grounds.

Baths have just been established in the central part of the city, the charge for which varies from a penny to sixpence. Their popularity is evinced by the attendance in the hot weather, when as many as 400 persons per day have been admitted. The establishment of baths in the river has been mooted in council often, but the project is still in the air.

The only residuals of municipal work, or by-products, from which direct profit is derived are dry ash-pit refuse, which is sold to market-gardeners, and clinker from refuse furnaces, which is used for foundations of roads and concrete. The collectors who collect midden refuse are allowed to dispose of it wherever they can, provided that they do not thereby cause a nuisance. The sewage farm is leased to a tenant.

The last public improvements effected by the council are the new sewerage system and the electric tramways, referred to above. The former has been carried out by contractors, under the superintendence of the city engineer; but the latter

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were installed by a private company. The sewerage has just been all rearranged under the Shone system, which has not yet had time to demonstrate whether it is a success or not. The Technical Institute, the public baths, the restoration of the interior of the Guildhall (a fine example of East Anglian flint work), and a great deal of street widening and straightening, necessary before the narrow old streets would be passable for tram-cars, represent the principal improvements carried out by Norwich within the past years.

The council employs directly the force by which the public buildings are maintained, repaired and painted, and that by which the street scavenging is done; and it manufactures and owns the carts in which dust is collected, though the horses and drivers are provided by contract.

The regulations regarding work done by contract — and all extensive undertakings are so performed — have led to much discussion in the council. As to wages, every contractor has to subscribe to an agreement to pay the rate of wages "current in the district." This formula was adopted after an attempt had been made to force the council to adopt the requirement of the trade-union rate. The contractor has also to submit a schedule of wages and hours of work, for violation of which he is liable to penalties. But no case has occurred in Norwich in which such a penalty has been exacted. Local firms do not always obtain the contracts for large undertakings, because the council advertises widely for tenders, and the lowest tender is habitually accepted, if it be found to be by a satisfactory firm. The Technical Institute, one of the largest buildings in the city, has been built by a Manchester firm at the cost of £16,939. The supply of goods to the council was as late as 1897 made under a system of patronage. Goods and material required by the several committees are now obtained annually by advertisement. A schedule of requirements is drawn up and, when tenders are invited on the lines of the schedule, the lowest satisfactory tender is accepted. Each committee advertises the tenders for its own department and reports to the council the tender recommended for acceptance.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

VI. *The Police and the Charitable Trusts.*

The city police force, which is supported partly by the city funds, partly by the national exchequer, exercises powers of regulation, inspection, licensing or registration in respect to new buildings, common lodging houses, theatres, dairies, cow-sheds and milkshops, explosives and fireworks, noxious trades and nuisances, petroleum, slaughter-houses, weights and measures, telegraph and other wires, hackney carriages, markets and fairs, betting and obscene language, sky signs, street obstructions, vehicular traffic, traffic on the rivers Yare and Wensum, and the parks, gardens and open spaces. The work of the sanitary department has been summarized as follows: 60 complaints per week have to be attended to, the notices subsequent thereto served, and these notices enforced; 30 fever cases per week entail inspection, reporting to office, removal to hospital, and disinfection of the house; 300 courts and yards are inspected per fortnight; 200 houses, let in lodgings comprising 500 tenements, are inspected; 40 slaughter-houses are inspected fortnightly, a few weekly; 40 cow-houses visited four times a year; 400 milk-shops twice a year; 120 samples of water from pumps and wells analyzed per year (there are 16,000 people in Norwich who still use pump and well water); workshops are inspected on notification from the factory inspectors; 8 common-lodging houses are inspected weekly; 80 samples of food are analyzed per annum; the fish market is inspected daily, the others on market day. This work is regarded as insufficient for a town of the size of Norwich, but even this was overtaken by the staff with difficulty, and the department is now increased. The adulteration of milk has by the activity of this department been greatly diminished, the percentages of adulteration for the years since 1897 standing, respectively, 44.4, 27.2, 14.9, but it is still above the average for the whole country. Weights and measures were formerly in the hands of special officials of the markets, but in consequence of certain wrong practices that control was last year transferred to the chief constable.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The charitable donations which the city had received for administration were so large that their enumeration occupied in Lord Brougham's famous report of the Charity Commissioners in the beginning of the century more than a hundred pages. All these are now controlled by the Central Charity Commissioners and are administered by bodies of governors. The last charity which the corporation controlled—and one which was long in dispute in the courts of law—was the town-close estate, belonging to the freemen of the city. The revenues of that property are now for the greater part used for the furtherance of the education of children of freemen. Norwich was one of the cities which benefited by the educational zeal of Edward VI. The hospital for aged poor and the commercial school established in his reign have ever been the recipients of gifts of money and numerous endowments. The council still retains some voice in the affairs of these charities, in that it has the right to appoint a certain number of trustees on the governing bodies of the Great Hospital, the King Edward VI Grammar School, and the so-called Municipal Charities.

The organ of the central government with which the city council comes into contact most frequently is the Local Government Board. That body must be asked to approve all schemes for the improvement of unhealthy areas and the erection of dwellings for the laboring classes. Loans for certain municipal purposes must have its authorization, and the accounts of the corporation have every year to be sent to it by the town clerk. It also imposes, if it sees fit, conditions as to the purchase or sale of corporate property and the borrowing of money. The Public Works and Loan Commissioners lend money to the city council for the erection of public buildings. The Home Secretary requires returns from the coroner and the chief constable as to the work of their departments. The Board of Trade controls the inspection of factories and holds inquiries into explosions. All these departments are slow in action, the Local Government Board bearing the palm in that respect, and their efficiency leaves much to be desired.

NORWICH, ENGLAND. ELSIE WATSON.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE STATE GOVERNMENT OF MISSISSIPPI DURING THE CIVIL WAR.

UPON receiving information of the passage of the Ordinance of Secession, the Mississippi senators and representatives at Washington announced their unqualified approval of the action of the convention and at once withdrew from Congress. The United States district judge for the district of Mississippi immediately sent his resignation to the President, the cadets at West Point withdrew from the academy, and the native Mississippians in the regular army threw up their commissions and returned home to enter the service of their state or of the Confederacy. The United States marshals were requested by the Secession Convention to continue in the performance of their duties so far as they related to the completion of the census and no farther. Postmasters and other officers and agents connected with the postal service were "authorized" to continue in the discharge of their duties until otherwise ordered by the convention.[1] The United States land officers were directed to retain their offices and discharge their duties according to the laws of the United States.[2] All citizens of the United States domiciled in Mississippi on January 9 were declared to be citizens of the state, and the naturalization laws of the United States were reënacted and administered as before, except that applicants were required to take an oath of allegiance to the state of Mississippi.[3] On the 4th of February, the United States postal service was withdrawn, it being impossible to continue it longer.[4] The Secession Convention created the office of postmaster-general and provided for the establishment of a regular postal service by reënacting all laws, contracts and regulations of the United States for carrying the mail.[5] The funds and other property belonging to the

[1] Journal, p. 19. [2] *Ibid.*, p. 134. [3] *Ibid.*, p. 144.
[4] Report of Postmaster-General, 1865–66, p. 107. [5] Journal, p. 140.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

United States postal service were turned over to the Confederate authorities or appropriated by the postal officials for their private use.[1] The legal title to all unappropriated lands, fortifications, lighthouses, hospitals and custom houses, and all jurisdiction in the same was "resumed" and vested in the state of Mississippi. Upon the organization of the Confederacy the title to this property was transferred by the state to the Confederate government. Provision was also made for the preservation of the records of the United States with a view to their use in the courts of the state; for the determination of suits pending in the United States courts at the time of secession; and for the disposition of unexecuted judgments, mandates and decrees in which citizens of Mississippi were parties. The judicial power of the state was extended to all cases of admiralty and maritime jurisdiction.[2]

It will thus be seen that, in addition to resuming its sovereignty, the state made ample provision for continuing its existence under the new régime with the least possible interruption in the administration of civil government. During the greater part of the ensuing four years the state was like a great military camp, with a portion of its territory occupied by the enemy; yet the state government remained intact, and the same may be said of the local governments in those parts where the jurisdiction of the Confederacy was maintained.[3] Although the

[1] Upon the restoration of the power of the United States in 1865 steps were taken to recover this property and to enforce the legal penalties against those who had misappropriated it at the beginning of the war. The amount of postal funds charged to this account was $34,000. — Rept. P. M. Gen., 1865–66, p. 107.

[2] Journal, p. 147.

[3] After the middle of the year 1863 a considerable portion of the territory of Mississippi was under the jurisdiction of the military forces of the United States, which in some instances assumed the administration of the local governments. The degree of subjection under which the civil power was placed by the military authorities varied in different localities and according to circumstances. In Vicksburg and Natchez it was very nearly absolute, while in the northeastern part of the state, where there was more or less Union sentiment, the interference of the military authorities was nominal. To meet the necessary expenses of municipal administration it was customary for the military commanders to levy taxes on property and traffic. In some cases the mayors of towns were removed and provost marshals were appointed and authorized to govern according to martial law. Gradually the signs of military rule were removed and the municipalities were left

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

energies of the people were absorbed chiefly in supporting the army and resisting invasion, the normal routine of social and political activity was by no means entirely suspended. Officers of the state government were regularly chosen; the legislature met annually and sometimes semi-annually and enacted laws which every inhabitant was bound to obey;[1] transactions involving millions of dollars were made in accordance with formalities prescribed by the government organized under the secession constitution; contracts were entered into; marriage relations were formed and children born; estates of decedents were administered; conveyances of property were made; courts were held, judgments rendered and decrees executed in accordance therewith; vested rights were acquired and business partnerships formed.

But, while so many features of ordinary times of peace were present, the influence of the war manifested itself in countless innovations and irregularities throughout the social and political structure. In the governmental organization new and unusual offices and agencies assumed great prominence—for example, state salt commissioners, indigent commissioners, liquor-dispensary agents, price commissioners and the superintendent of army records. Owing to the interruption or suspension of many civil pursuits, offices usually of considerable importance were either relegated to insignificance or entirely abolished. This was especially true of the courts, judicial business, as we shall see, having been almost entirely suspended. Pinching financial distress also operated to decrease the extent of

for the most part to govern themselves. In August, 1865, the commanding general of the Department of Mississippi issued an order declaring that the necessity for levying taxes upon the trade and property of municipalities no longer existed and that henceforth the entire control of municipal affairs should be left to the civil authorities. Generally, wherever the army occupied and governed a district of territory, the body of existing private law was not disturbed. Only the public-law relations of the inhabitants were changed.

[1] The members of the legislature did not, of course, observe the provision in the Constitution of the United States requiring them to take an oath to support that instrument. After the close of the war, the High Court of Errors and Appeals interpreted this provision as *directory* merely and held that the failure of members to observe it did not of itself invalidate their acts. — Hill *v.* Boyland, 40 Miss. 618.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

governmental activity. The statutes of the time are filled with provisions for reducing the compensation of probate judges and other officials whose duties had become so nominal that their services were no longer necessary. During the last session of the war legislature the members received only their actual expenses. The regular appropriations for such institutions as the state library and the geological survey were, of course, discontinued.

Although the state government continued in existence from first to last, it was for a time, like the Continental Congress in earlier days, a peripatetic institution, with no permanent place of rest. Upon the approach of the Union army to Jackson in May, 1863, the state officials with the public archives fled to Meridian, then a small village in the eastern part of the state; but, on account of poor accommodations there, they soon moved to Enterprise, on the Mobile and Ohio railroad, some forty or fifty miles below Meridian. Before abandoning Jackson, the governor, being satisfied that the penitentiary would be burned, granted pardons to such of the convicts as promised to enlist in the Confederate army, while those who were "unfriendly" to the Confederate cause, and likely to join the Union army, were sent to the penitentiary in Alabama.[1] In the autumn of 1863, the state government moved to Columbus, in the northeastern part of the state, where it remained until early in 1864. Upon the occupation of this part of the state by the federal forces, the seat of government was transferred to Macon, in Noxubee County, where it remained until the close of the war. The supreme court was authorized to meet anywhere in the state to prepare the docket for the regular term, the state printer was allowed to keep his office anywhere, and all publications required to be made at the seat of government were to be held valid, no matter where published. Upon the surrender of General Taylor and the close of hostilities, the officials with the archives returned to Jackson, where shortly thereafter the public property was seized by the military authorities of the

[1] Governor's message to the legislature, November 3, 1863. — Official Records, Series IV, vol. ii, pp. 921–927.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

United States and the officers were placed under guard. The legislature met regularly during the war, the session of 1863 being held at Columbus, and the sessions of 1864 and 1865 at Macon. Its measures related almost solely to the prosecution of the war and the relief of the destitute women and children.

The functions of the supreme court of the state were virtually suspended, although its organization was maintained. At the April term of 1861 only three cases were decided; at the October term but twelve. In 1862 there were no meetings of the court. At the April term of 1863 two cases were heard. At the October term of 1864 two cases were heard, and in 1865 none. The functions of the Confederate district court appear to have been of even less importance. The United States district judges who resigned their positions in 1861 to go with their states were reappointed by President Davis as Confederate district judges in their respective districts, with the exception, it seems, of Mr. Gholson in Mississippi. In his place Judge Clayton was appointed; but, although he continued in office throughout the war, it does not appear that he ever held a court.[1]

So far as civil business was concerned, the functions of the lower courts were practically suspended by an act of the legislature in 1861. By this it was provided that all actions for debt or for the enforcement of contracts should be suspended until twelve months after the close of the war. All sales under trust deeds, mortgages and judgments were likewise prohibited.[2] Whatever may have been the opinion of the bar as to the constitutionality of such legislation, none of them ever had the temerity to bring the question to a test. Moreover, it was made unlawful to prosecute suit against any soldier in actual

[1] J. A. Orr, in Publications of the Southern Historical Association, March, 1900, p. 98. Ex-Chief Justice Campbell of Mississippi informs me that this statement is probably correct. In August, 1864, President Davis wrote to Clayton, complaining that the military authorities were not receiving the proper assistance from the civil power in Mississippi, and ventured the suggestion that, if frequent sessions of the court were held near the lines where trading with the enemy and other illegal practices were common, great benefit would result therefrom. Brandon, Jackson and Canton were suggested as suitable places for this purpose. — Official Records, Series IV, vol. iii, p. 598. [2] Laws of 1861, p. 74.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

service.[1] These acts practically left the courts with criminal jurisdiction only; and, as a not inconsiderable number of the criminal cases were settled by the military authorities, it is reasonable to suppose that the business of the courts, criminal as well as civil, was nominal.

The pressure upon the male population capable of bearing arms to go into the military service left the civil offices to be filled to a considerable extent by old men or disabled soldiers. The latter case was illustrated in the election of General Clarke to the governorship in 1863. The same influence caused the qualifications for office or for the practice of certain learned professions to be made less rigorous. Thus, persons over sixty years of age were made liable to jury service,[2] and county clerks who were attorneys were permitted to practice before the courts.[3] Moreover, the grounds for exemption from military service were by successive legislation so reduced that in the end barely enough men were left to hold the offices. Thus, all municipal officers under forty-five years of age were made liable to conscription; all indigent commissioners, except one in each local district; all liquor dispensary agents under forty-five; all trustees of state institutions and road overseers; all deputy sheriffs, except one in each county; all deputy circuit clerks; all school trustees; and all other officers appointed by any of the courts.[4] Only ordained pastors with regular charges, and teachers with two years' experience and in charge of schools attended by at least twenty scholars, were exempt. An act of the Confederate Congress authorized the governor to exempt such persons from military service as were absolutely necessary to the administration of civil government. This he did by public proclamation; but the pressure brought to bear upon the Confederate conscript officers for troops led them to seize in many instances those exempt under the governor's proclamation. The governor protested strongly against such proceedings and recommended action by the legislature. The legislature also protested, but finally agreed to waive its rights

[1] Laws of 1864, p. 37.
[2] Laws of 1863, p. 120.
[3] Laws of 1864, p. 21.
[4] Resolution of August 13, 1864.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

as to all civil officers "not named in the constitution and not necessary to the preservation of the American form of government."

The administration of local government was more or less interfered with by the movements of the Union army and the destruction of the county records. It became necessary, therefore, for the legislature to grant authority to the local officials to take unusual and sometimes extraordinary action when circumstances demanded it. Thus, they were empowered to remove the public records to places of safety upon the approach of the enemy.[1] Even then the records were frequently destroyed; and hence probate courts were empowered to reinstate judgments, orders and proceedings from memory, and clerks were allowed to re-register claims the evidence of which had been destroyed. They were also empowered to record anew deeds and wills which had been burned, while the supreme court was authorized to furnish the local authorities with transcripts of records of cases removed to it.[2] Where an appeal to the supreme court was dismissed for want of prosecutors, or because of the impossibility of filing a record, it was made lawful for the appellee at any time within two years to move for a reinstatement of the case on the docket.[3] The absence of attorneys and the difficulty of producing witnesses often made it impossible to proceed with a trial.

In many counties it was impossible for tax assessors to make their assessments on account of the presence of the enemy. In some instances, boards of police were empowered to extend the time for making the assessment; in other cases, assessments were directed to be made on the basis of the old assessment, the rolls to be furnished by the auditor. No assessment was attempted in 1865, and it was enacted that the old assessment should continue in force until 1869.[4]

The same difficulty existed in the matter of collecting the taxes. In many cases the time had to be extended by act of the legislature. The property of absent soldiers was by law

[1] Laws of 1863, p. 90.
[2] Laws of 1864, p. 38.
[3] Laws of 1863, p. 220.
[4] Laws of 1864, p. 31.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

made exempt from distress and sale under execution. Property destroyed by the enemy or "run off," as in the case of live stock and slaves, but still listed on the assessment rolls, was relieved of taxation, while the levee tax in the river counties was suspended.

The effect of the presence of the Federal army on the slave population made it necessary to legislate for the protection of owners. In communities adjacent to the camps and lines of the Federal army, owners were permitted to remove their slaves from the state, and the same authority was granted to executors, administrators and guardians. Summary remedies were provided for the recovery of runaway slaves, and powers of commitment in such cases were given to justices of the peace, probate judges and clerks.

In attempting to meet the exigencies of the war, the legislature did not always observe strictly the limits set to its action by the constitution, and in fact seems to have amended the fundamental law by simple resolution, as occasion demanded. Thus, the following enacting clause appears in a statute of April 5, 1864: "Be it enacted that the constitution of Mississippi be and the same is hereby altered and amended," *etc.*[1] Again, an act "amending" an ordinance of the Secession Convention occasionally appears.[2]

The chief task of the state and local governments during the war was to maintain the army and supply the wants of the destitute. Unfortunately, in the very year in which the war began there was a crop failure, which resulted in a widespread famine in parts of the state. One of the acts of the Secession Convention was to provide means for the relief of the famine-stricken inhabitants, by sending an agent to the Northwest to buy bread-stuffs.[3] For the purpose of meeting the increased demands upon the treasury, the state tax was increased fifty per cent; in 1861 a special tax of three per cent was levied upon all money loaned or employed in the purchase of securities. Before the end of the year an additional increase

[1] Laws of 1864, p. 36. [2] Laws of 1861, p. 45.
[3] Vicksburg *Whig*, March 30, 1861.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of thirty per cent on the state tax was levied for the relief of the indigent. This was soon followed by a further increase of twenty-five per cent for the payment of interest on certain bonds issued to pay Confederate taxes imposed upon the inhabitants of the state.[1] Another expedient for replenishing the treasury was the famous "cotton money" scheme, under which treasury notes to the amount of $5,000,000 were issued and put into circulation. On account of the blockade there was little or no demand for cotton and consequently the supply of a circulating medium fell off to almost nothing. It was accordingly provided that owners of cotton might, upon entering into a written agreement to deliver a specified amount of their product at such time and place as the governor should by public proclamation direct, receive treasury notes to the amount of the value of the cotton pledged at five cents per pound.[2] By November, 1863, 8587 applications had been made for advances, and these notes eventually came to be the chief circulating medium of the state. They were destined to have a somewhat melancholy history.

In the same year in which the "cotton money" scheme was launched $1,000,000 in treasury notes were put into circulation.[3] Early in 1862 another issue of treasury notes to the amount of $2,500,000 was made.[4] This was followed by a third issue of $2,000,000 in 1864.[5] In addition to flooding the country with its own notes, the state authorized the several railroads to issue scrip. The Mobile and Ohio was empowered to issue $300,000, the Mississippi Central $300,000, the Mississippi and Tennessee $125,000, the Southern $150,000, the West Feliciana $50,000, the Grand Gulf and Port Gibson $13,000, and the New Orleans, Jackson and Great Northern $300,000.[6]

No official statement of the total expenditures during the four years of the war is available to the writer. According to one authority, they were as on the following page.[7]

[1] Laws of 1861, p. 197.
[2] *Ibid.*, p. 60.
[3] Journal of Secession Convention, p. 128.
[4] Laws of 1862, p. 286.
[5] Laws of 1864, p. 22.
[6] Laws of 1861, p. 177.
[7] Statement of Attorney-General G. E. Harris, Boutwell Mississippi Report, 1875, p. 10.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

1861	$1,824,161
1862	6,819,894
1863	2,210,794
1864	5,446,732
Total	$16,301,581

The actual indebtedness of the state on October 25, 1865, was reported to be $4,979,324.[1] Of this $3,796,564 consisted of unredeemed cotton notes, which were subsequently declared to have been issued in "aid of the rebellion" and therefore to be unconstitutional and void.[2] They were accordingly repudiated, along with other debts incurred in the prosecution of the war. The legal indebtedness which rested as an obligation upon the reconstructed government was, therefore, but little more than $1,000,000.

A variety of expedients to meet the necessities of the time were resorted to by the government during the war. When money became very scarce, a tax in kind was levied. In 1865 it was fixed at two per cent on the yield of all corn, wheat and beans above a certain amount. Moreover, each county board of police was empowered to levy a similar tax equal to one-half of one per cent on the same products, for the benefit of its indigent.[3] The several railroads were permitted to pay back in Confederate currency money to the amount of nearly one million dollars which they had borrowed from the state before the war.[4] After the war the act of the legislature permitting this was held to be unconstitutional and the roads were required to pay in sound money.[5] Two million acres of land were offered for sale in 1864 — at a sacrifice, of course — as another means of replenishing an exhausted treasury.[6]

During the later years of the war the income and energy of the government were largely absorbed in efforts for the relief of the destitute class. In 1863, $5,000,000 in treasury notes were appropriated for this purpose and a board of

[1] House Journal, 1865, pp. 82–83.
[2] Thomas *v.* Taylor, 42 Miss. 651.
[3] Laws of 1865, ch. 1.
[4] Laws of 1863, p. 160.
[5] M. & O. R. R. Co. *v.* the State, 42 Miss. 115.
[6] Act of August 13, 1864.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

five officers styled "Indigent Commissioners" was established in each county to distribute the funds. For the redemption of the treasury notes a tax equal to 150 per cent of the state levy was imposed. Payment of the tax was permitted to be made in kind, at prices fixed by the state "price commissioners." Boards of police were empowered to levy an additional tax, equal to from 100 per cent to 300 per cent of the state levy. They were furthermore empowered to issue scrip to an amount not exceeding $20,000 per year, and to impress such supplies as were necessary.[1] Usually, where a county was fortunate enough to have a school fund, a pauper fund or a swamp-land fund, the legislature cheerfully authorized its use for the benefit of the destitute.[2] In 1864, $1,000,000 was appropriated for the relief of the indigent, and the commissioners were authorized to impress the surplus produce of all persons who had taken advantage of the Confederate exemption law as agriculturists. The commissioners were also empowered to impress the wagons and teams necessary to distribute the supplies. In any county where these provisions were inadequate to afford the necessary relief, the board of police was empowered to levy an additional tax, not exceeding 300 per cent of the state tax.[3] Similar provision was made in 1865, although the chief reliance was placed on the tax in kind, the amount of which was required to be delivered by the persons assessed to such destitute persons as the commissioners might direct.[4] As the end of the war drew near, the amount of destitution increased. The conditions were such in February, 1865, that the governor was prevailed upon to call an extraordinary session of the legislature to provide relief for the sufferers. It was able to do very little toward relieving their wants. What they needed above all else was peace. Fortunately, it was in sight.

One of the most perplexing problems of the civil government was that of procuring salt and medicines, particularly quinine, morphine and calomel. The efforts put forth by the govern-

[1] Laws of 1863, p. 111.
[2] *Ibid.*, p. 196.
[3] Laws of 1864, p. 27.
[4] Laws of 1865, ch. 1.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ment to secure enough salt to supply the bare necessities of the people abundantly illustrate the difficulties of the situation. There were no salt works or mines in the state, the nearest mine being at New Iberia, Louisiana. By December, 1862, the want of salt had become the "most pressing necessity" of any in the state. The governor sent agents to Alabama, Virginia and Louisiana to purchase a supply. From the first two states none was obtained, but the agent sent to Louisiana succeeded in reaching Vicksburg with forty thousand pounds, which was distributed among the poorer classes and soon used up. The governor wrote to President Davis, October 17, 1862, that a relaxation of the commercial regulations was necessary to enable him to exchange cotton for salt. Many of the people, he declared, had no salt and were compelled to eat their food without it.[1] Moreover, pork and beef, more or less of which every family raised, could not be preserved or used without this all-important article. The governor asked the legislature to authorize him to impress a sufficient number of slaves to work the mine at New Iberia, and also the necessary wagons and teams with which to transport the product to river navigation.[2] The permission was granted.[3] In the mean time, speculators were doing a thriving business in salt; but the legislature came to the rescue of the people, carefully regulated the price of the article, and imposed heavy penalties on those who exceeded the schedule prices in their charges.[4]

The next experiment of the governor was to send an agent to New Iberia with $20,000 and a steamboat. The agent secured a supply and started back, but was stopped by the blockade in the Bayou Teche. The governor then entered into contracts with several foreigners who proposed to run the blockade with a supply. Fifty bales of cotton were placed at the disposal of a Frenchman, who deposited $10,000 in Confederate scrip as a security for the delivery of the salt. The

[1] Official Records, Series IV, vol. ii, p. 126.
[2] Message to the legislature, December 20, 1862.
[3] Laws of 1863, p. 80.
[4] Laws of 1861, p. 144.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

salt was never delivered.[1] What became of the $20,000 paid the New Iberia agent and the fifty bales of cotton turned over to the Frenchman was subsequently the subject of legislative investigation.[2] The governor also sent an agent to Virginia "to make contracts for salt water, intending to establish furnaces for the manufacture of salt on state account." This plan, like the others, was a failure. He then authorized a local firm domiciled in east Mississippi to manufacture salt on private account for the people of north and northeast Mississippi. Another agent was sent to Alabama to purchase salt, make contracts for its manufacture, or to establish furnaces and manufacture on state account. The agent entered into contracts for the delivery of a large amount, but, like other contracts of this character, they were never fulfilled.[3]

Finally the legislature abandoned the contract method and in December, 1863, provided a complete system for the manufacture of salt on state account. $500,000 was appropriated to carry the act into effect. Provision was made for a general agent to direct the manufacture and distribution of the product. He was empowered to appoint "one or two skillful manufacturers," each of whom, like himself, was required to give a bond of $60,000. They were authorized to erect the necessary buildings for the manufacture of salt and to establish a state depot as a centre for distribution among the counties. There was also to be a salt agent in each county.[4]

While the government was putting forth these efforts to manufacture salt, the inhabitants were digging up the dirt from the "smoke houses" and distilling it. In this way small quantities of a coarse article were obtained. Where salt water was obtainable, resort was had to the method of evaporation, by which process similar results were obtained.

Much legislation of the time was designed to encourage home manufactures and the production of food. To promote the manufacture of leather, the taking and use of oak bark

[1] Message of Governor Pettus, November 3, 1863.
[2] Resolution of August 13, 1864.
[3] Message, Nov. 3, 1863. [4] Laws of 1863, p. 163.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were permitted to any person,[1] and the governor was authorized to enter into arrangements with the Confederate government for the purchase of the hides of all "Confederate beeves" slaughtered in the state. To encourage cotton and wool manufactures, a liberal bonus was offered for the manufacture of cards. The employees of tanneries, gun shops, cotton and woolen factories were exempted from military service.[2] To encourage the growth of farm products, acts were passed to procure agricultural statistics;[3] and, in order to turn the attention of the people from the growth of cotton, — for which there was no demand, — it was enacted that no person should be allowed to plant over three acres for each laborer employed, under a penalty of $500 per acre. Under an agricultural exemption law, certain planters were relieved from military service. A measure was also passed to encourage the manufacture of wine from the native grape.[4]

The use of corn and other products in the distillation of spirituous liquors became a matter of great complaint by the civil authorities. Besides withdrawing a large amount of agricultural products from the use of the army and the destitute, it supplied a temptation to the soldier to spend his earnings for drink. Early in 1863 the legislature made it unlawful to distil spirituous liquors from corn, rye or other grain, or from sugar and molasses.[5] The law, however, does not appear to have been enforced. In April the governor informed General Pemberton that the distillation of grain ought to be stopped at once, that the civil remedies were too slow, that, if the general would make a requisition for corn, he would seize every bushel in the distilleries and upon a requisition for copper he would seize even the stills themselves. The authority was given.[6] Even these measures did not prevent the evil, and finally the legislature in 1864 took heroic action. It was made the duty of every person to destroy any distillery then existing,

[1] Laws of 1861, p. 114.
[2] Official Records, Series IV, vol. i, p. 1110.
[3] *Ibid.*, p. 227.
[4] Laws of 1863, p. 146.
[5] *Ibid.*, p. 96.
[6] Official Records, Series IV, vol. ii, pp. 511, 513.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

as a public and common nuisance, and the failure of the sheriff to do his duty in the premises was to be punished by his removal from office. Moreover, all laws authorizing licenses for the sale of spirituous liquors were suspended for the remainder of the war and the sale of the article was absolutely prohibited, except for medicinal purposes. Provision was then made for two state distilleries for the manufacture of liquor. Dispensary agents were appointed in each county to supply persons who had certificates from practicing physicians. They were authorized also to sell to state and Confederate troops, and to furnish destitute persons such quantities as were necessary, free of cost.[1]

The difficulty of procuring the necessities of life was due not only to the scarcity but quite as much to the character of the currency. Before the end of the first year of the war, state and Confederate scrip had so depreciated that a soldier's pay for a month would barely buy him a coat. In December, 1862, flour was selling in north Mississippi at from $50 to $75 per barrel; salt meat was worth from 50 to 75 cents per pound; the coarsest shoes sold for $5 a pair, while a pair that could have been easily bought in Chicago for $1.50 sold for $15 in Corinth and Holly Springs. Men's boots sold for $30 to $50 per pair, and calico brought $2 per yard.[2] At one time, while Johnson's army occupied Jackson, there were only three barrels of flour in the place. The regular price of the article was $200 per barrel.[3] In September, 1863, an ordinary horse in the country adjacent to Vicksburg was worth $1000, and a good mule brought $700. The price of shoes ranged from $75 to $100 a pair, and even watermelons brought from $10 to $25 a piece. At Enterprise, in the eastern part of the state, about the same time, salt was selling at $45 per bushel, with "an upward tendency," while flour brought $50 a sack, or $12 per pound. Cotton jeans were worth $30 per yard.[4]

[1] Laws of 1864, Act of April 5.

[2] New York *Times*, December 5, 1862.

[3] Memphis Correspondence in New York *Evening Express*, September 21, 1863.

[4] Statement of the secretary of the Confederate Society, New York *News*, October 27, 1863.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

An English traveller relates that while at Jackson, in the summer of 1863, he paid thirty-five cents good money for a piece of "Confederate" soap about the size of a small billiard ball; fifty cents for two small boxes of matches, of which the seller candidly told him that not one in five would light; and five cents for an envelope made out of a sort of slate-colored grocer's paper of Confederate production, with the words printed on it:

> Stand firmly by your cannon,
> Let ball and grapeshot fly,
> Trust in God and Davis,
> And keep your powder dry![1]

In October, 1863, flour was quoted at from $60 to $65 per barrel; in November the price ranged from $90 to $100, while corn meal sold at $15 per bushel.[2] General Grierson says salt was in demand at $30 per bushel in that part of the state through which he passed in 1863.[3] President Goodman, of the New Orleans, Jackson and Great Northern Railroad, said that there were locomotives in use on his line in July, 1863, which were worth $900,000 apiece in Confederate notes.[4] In February, 1864, men's boots were selling for $200 per pair at Natchez, and coats were quoted at $350 each.[5]

The adoption of the practice of impressing private property made it necessary to fix an official schedule of prices to be paid for property thus taken. For this purpose two commissioners were appointed, and they divided the state into four "price districts," which corresponded roughly with east Mississippi, north Mississippi, central Mississippi and south Mississippi, the western part being largely in the possession of the enemy. In April, 1864, they adopted a schedule for each district. Coffee was scheduled at $5 per pound; bacon, $1.50; flour, $50 per barrel; first-class horses, $700; good jeans, $8 per yard; salt, $15 per bushel; army shoes, $10 per pair.[6]

[1] Bentley, Two Months in the Confederacy, p. 101.
[2] Charleston *Mercury*, November 19, 1863.
[3] See his report in New York *Times* of August 30, 1863.
[4] Official Records, Series I, vol. liii, pt. ii, p. 509.
[5] Cairo Correspondence, New York *Herald*, February 15, 1864.
[6] Official Records, Series IV, vol. iii, pp. 262–266.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The prices were the same in all the districts, except in the case of bacon, corn and corn meal, which were considerably higher in the southern district. The price of cotton steadily increased during the war. At the time the blockade was proclaimed it was worth about 10 cents per pound. In December, 1862, it was worth 68 cents per pound in Mississippi; in December, 1863, the price had risen to 84 cents, and by December 1, 1865, it had reached $1.20.[1] The price of service and labor increased quite as much as the price of commodities. In 1864 a Jackson paper complained that the postage on a letter from Brandon to the trans-Mississippi department was forty cents.[2]

Such were some of the hardships and perplexities amid which for the four years of the war the political organization of Mississippi maintained its existence and fulfilled as best it could the functions of civil government. One point further needs to be examined. If the government which existed in the state from 1861 to 1865 was insurrectionary in character, what was the legal status of its acts upon the suppression of the insurrection? Clearly no sound principle of state policy, to say nothing of reason, could have been subserved by holding that no government existed in the state from 1861 to 1865; that the inhabitants were in a state of anarchy; that all executory contracts made during the war were voidable at the pleasure of either party, and that all executed contracts were void *ab initio;* that all vested rights acquired were unlawful; and that all relations formed must, as far as possible, be dissolved. Such a view would have led to consequences productive of incalculable mischief.[3] Realizing the absolute necessity

[1] Shucker's Life of Chase, p. 322. [2] The *Mississippian*, August 13.

[3] The United States Supreme Court, in Thorrington *v.* Smith (8 Wall. 1), said that obedience to the authorities of the Confederate government in civil and local matters was a necessity and a duty upon the part of those domiciled within its jurisdiction. The court, however, refused to recognize the Confederate government as *de facto*, in the sense that its adherents in war against the *de jure* government did not incur the penalties of treason. The state supreme court said: "The proposition that the citizens of Mississippi were remanded to a state of nature during the war — as a judicial question — seems to us neither sanctioned by the principles of international law nor by any code of morality known to civilized nations." — Hill *v.* Boyland, 40 Miss. 618.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of treating as valid certain governmental acts performed during the four years of the war, the Reconstruction Convention of 1865 adopted an ordinance declaring valid and binding all laws enacted since January 9, 1861, with two exceptions, so far as they were not in conflict with the constitution and laws of the United States or in aid of the rebellion. All acts of public officers, all judgments, decrees and orders of the courts, and all marriage relations properly formed were declared to be legalized, ratified and confirmed. The determination of what acts were "in aid of the rebellion" naturally devolved upon the courts, and a large part of the litigation during reconstruction turned upon the question whether a given act did or did not fall within this class. The courts uniformly held that all acts which sustained no direct relation to the prosecution of the war, but had for their primary purpose the maintenance of peace and order, and the regulation of the private relations of individuals, were to be deemed valid as though proceeding from a *de jure* government. Such were acts sanctioning and protecting marriage and domestic relations, acts governing descents and regulating the conveyance and transmission of property, acts providing remedies for injuries to persons and property, and many others. Thus, an act of 1862 to suspend the statute of limitations was upheld,[1] and so was an act to regulate the terms of the supreme court.[2] Again, it was held that all deeds or other instruments of writing executed during the war, although not stamped as required by the laws of the United States, were valid if properly stamped at the close of the war.[3] A liquor law passed by the insurrectionary legislature was upheld,[4] and so was an act authorizing trustees to invest trust funds in Confederate securities,[5] and an act prohibiting suits against Confederate soldiers in active service.[6] The courts, moreover, took judicial notice of the fact that Confederate currency was the chief circulating medium during the war, and

[1] Buchanan *v.* Barksdale, 43 Miss. 90.
[2] M. & O. R. R. Co. *v.* Mattan, 41 Miss. 692.
[3] Frazer *v.* Daniels, 42 Miss. 121.
[4] Licks *v.* the State, 42 Miss. 316.
[5] Trotter *v.* Trotter, 40 Miss. 704.
[6] Walker *v.* Jeffreys, 45 Miss. 162.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

its use an absolute necessity. Without it the inhabitants could neither have lived in the Confederacy nor have made their escape from it, and to have held that the people in giving or receiving it were aiding the rebellion would have been a refinement of cruelty.[1] It was accordingly held that all contracts based on Confederate money were valid and could be enforced after the close of the war,[2] and the Supreme Court of the United States sustained this view.[3] It was furthermore held that all contracts made between May 1, 1862, and May 1, 1865, for the payment of money contemplated Confederate currency, unless the contrary appeared on the face of the contract,[4] and it was incompetent to produce parole evidence to show that Confederate money was not intended.[5]

In determining what acts were in aid of the rebellion, the supreme court of the state seems to have taken a liberal and just view. It held void the act under which $5,000,000 of "cotton notes" were put into circulation, its purpose having been to replenish an empty treasury and increase the sinews of war.[6] Contracts for the performance of personal services or payment of money in aid of the Confederate cause were uniformly held to be void. Thus, a promissory note given in consideration that the payee serve as a substitute for its maker in the military forces of Mississippi was held to be illegal and void,[7] and so was an agreement to deliver cotton for the purpose of clothing and equipping military companies for the Confederate service.[8] But if there was no stipulation to that effect in the contract, the agreement was valid, although the lender may have known the purpose for which the money was wanted.[9] An act of the legislature, to enable the railroads of the state to pay in Confederate money debts which they owed the government, was held to be in aid of the rebellion and therefore void; and the court refused to admit the claim of

[1] Murrell *v.* Jones, 40 Miss. 565.
[2] M. & O. R. R. *v.* the State, 42 Miss. 115.
[3] Thorrington *v.* Smith, 8 Wall. 1.
[4] Cowan *v.* McCutcheon, 43 Miss. 207.
[5] Rogers *v.* Tullos, 51 Miss. 153.
[6] Thomas *v.* Taylor, 42 Miss. 651.
[7] Pickens *v.* Eskridge, 42 Miss. 114.
[8] Cassell *v.* Backrack, 42 Miss. 57.
[9] Walker *v.* Jeffreys, 45 Miss. 162.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

credit for the value of the Confederate money at the time of the payment.[1]

It was several times held that the state government reëstablished after the war was not bound by the acts and engagements of the insurrectionary state government; and that the laws enacted and obligations incurred by the latter ceased upon its destruction. Thus, the restored government was not bound to receive, in payment of taxes, treasury notes issued by the insurrectionary government;[2] nor was it responsible for any claims for salaries of civil officers in the service of the latter, whose debts and obligations had perished with it.[3] Taxes accruing during the war were presumed to have been levied in aid of the rebellion;[4] and the obligation to pay money to the legal government could not be fulfilled by payment to the insurrectionary government.[5]

Executory contracts, such as life insurance policies, where the insurer and the insured were public enemies, were not affected by the war; and the war did not *per se* revoke an agency which a New York company had in Mississippi;[6] but a principal in New York was forbidden to transmit money to his agent in Mississippi.[7] The right to property in slaves was not affected by the Emancipation Proclamation,[8] and that state paper could not be set up in avoidance of the payment of money for a slave purchased before or during the war.[9] The existence of the state was not interrupted or disturbed by the ordinance of secession or by the events of the war, but it continued with all its attributes and functions in full force and operation.[10]

COLUMBIA UNIVERSITY. JAMES WILFORD GARNER.

[1] M. & O. R. R. *v.* the State, 42 Miss. 115.
[2] Thomas *v.* Taylor, 42 Miss. 651.
[3] Buck *v.* Vassar, 47 Miss. 531.
[4] Dogan *v.* Martin, 48 Miss. 11.
[5] M. & O. R. R. Co. *v.* the State, 42 Miss. 115.
[6] Stratham *v.* New York Life Assurance Company, 45 Miss. 581.
[7] Darden *v.* Smith, 44 Miss. 548.
[8] V. & M. R. R. Co. *v.* Green, 42 Miss. 436.
[9] Williams *v.* Williams, 43 Miss. 430.
[10] Harlan *v.* the State, 41 Miss. 566.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE PRIVATE ISSUE OF TOKEN COINS.

THE disorders which attend the upheaval of monetary conditions on the appearance of a depreciated paper currency have been a favorite theme with historians, and they are so familiar to economic students that it may seem superfluous to revert to them. But the very frequency with which the subject has been treated and the danger that the lessons of such an experience may become a commonplace lead me to hope that a consideration of one of the minor consequences of such monetary disturbance, the private issue of tokens, may serve to rescue from complete oblivion an obscure chapter of economic history and to reinforce monetary principles.

Those who have pictured the results of introducing an inconvertible paper money have, as a rule, limited their attention to the larger and more obvious effects of such a catastrophe, as seen in its influence upon the measure of value and the standard of deferred payments. They have shown how fortunes dwindled, how creditors suffered and how the breach of public faith made sad inroads upon public and private morality. Mine is a humbler office — namely, to show how these catastrophic events in monetary history have affected the medium of exchange. It is to record, not the woes of bankers and the griefs of importing merchants, but the vexations and annoyances of the people at large, and to show how in trying situations they have over-ridden law and custom and resorted to self-help.

Any monetary systems is, as a rule, a complex adjustment of paper, gold, silver and copper issues. Rarely is one of these elements in the monetary circulation absent; but, if so, it cannot under modern circumstances be either silver or copper. Copper coins have from time immemorial been government tokens and are generally so far superior in nominal value to their metallic value that no monetary storm which drives

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

metallic money to more hospitable shores affects their tranquil circulation.

What has been said of the copper coins is in a large measure true of silver coins in modern gold-standard countries, but it has not always been so. Should the misfortune of a paper standard again overtake us, we might soon lose our gold; but it is obvious that the value of the dollar must sink to approximately one-half its present worth before the silver currency would be threatened. In earlier days, however, there was no such divergence between the metallic value of silver and of gold coins. Whatever may have been the fact in practice, in law and theory the metallic values of equal numbers of money units in gold and in silver were identical. It was not until the year 1816 that the silver coinage became distinctly a token coinage in England; while a like fate for minor coinage in the United States was delayed until 1853, was finally regulated in the countries of the Latin-Union by the treaty of 1865 and was brought about in Germany by the monetary reform of the early seventies. But at the prices of silver prevalent before 1873 the divergence between the nominal value and the metallic value of silver coin was slight, and any monetary disorder which affected gold could not proceed very far before it drew silver also in its train.

The substitution of paper for gold is effected with little strain upon the medium of exchange. The denominations of gold coin that are used in common life are, as a rule, represented in the new issues, and the substitution of paper for gold proceeds without friction. That the notes shall correspond in denomination with the coin is usually provided for in the first issue of paper money; or, if not, the failure is generally promptly remedied. Thus, on the suspension of specie payments by the Bank of England in 1797, the Bank was immediately empowered to issue one-pound notes, although previous to that time notes of five pounds were, as they are to-day, the smallest issued. When in 1870 the Bank of France was driven to the wall and abandoned payment in specie, it received authority to issue notes of twenty-five francs; yet for a time serious inconvenience resulted from the absence of smaller

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

money. In our own monetary troubles of the Civil War the need in the circulation for dollars and larger denominations was amply provided for by the issues of bank notes and "legal tenders."

But when, through the blighting influence of a forced circulation of paper money, silver, as well as gold, disappears from the monetary circulation, there is left a distressing vacancy which is not immediately filled. The circulation of silver, the small change of everyday life, affects the whole people, and the inability to secure change and make change causes ceaseless vexation. Sweep out of existence all denominations of currency between the cent and the dollar and try to imagine how the affairs of everyday life would be hampered and checked at every turn. Petty commerce would be at a standstill. The retail dealer would have to refuse his customer or give him credit, unless the latter should be willing to purchase vastly more than he would need. The payment of laborers would become a serious daily or weekly trial for the employer. In actual experience there has never been such a complete absence of small change, but there have been times of great scarcity, marked by all the phenomena described. It is this situation and the means employed to avert it which it is the special province of this paper to portray.

The dearth of small change creates a want that is pressing and immediate. All suffer alike under it, and the humblest member of society probably feels its force with the greatest intensity; for on the appearance of this evil in England it was, as we shall see, the town paupers for whose relief remedial measures were first devised. There are two measures of relief which have been applied in such a predicament, often concurrently. One is the issue of paper substitutes — *e.g.*, our own fractional currency; the other, the abundant issue of copper coins — *e.g.*, so that twelve pennies may do the work of a shilling. If the crisis is prolonged, the government sooner or later steps in to give relief in one of these ways or in both. But the need brooks no delay, and it frequently happens that before the slow machinery of the government is set in motion private

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

persons seek relief in the unauthorized issue of both notes and coin to meet the emergency. Both the occasion and the remedy so well illustrate principles of monetary circulation that a review of some heretofore neglected facts of monetary experience may prove of interest to the economic student.

Apart from the meteoric career of John Law and the insensate folly of the French *assignats*, paper money, in all the fullness of its phenomena, first finds its exemplification in the period of bank restriction in England. In that period it received, moreover, a scientific explanation in the classic "Bullion Report." This document is almost as noteworthy for what it fails to mention as for what it contains. Devoted to a demonstration of the depreciation of the bank note,—the paper pound,—it fails to see the evidence of that depreciation so abundantly offered by the condition of the subsidiary coinage.

We may recall the fact that for a century the condition of the silver coinage had been the theme of numerous complaints and a source of great annoyance. It will be remembered that the coinage of silver was free, but that the guinea, the gold coin of the period, was rated so high that new silver coin was at a premium. Little silver was coined, and what little issued from the mint soon found its way to foreign countries or into the melting pot. Silver circulated only by reason of the great abrasion of the coins. A century's use had reduced the silver coins to shadows of their former selves. Only those could circulate which were so worn and decrepit that their nominal value exceeded their bullion value. Nicked, chipped, with the image and superscription effaced by long usage, it was only by the size of the coin that its denomination could be recognized.[1] A trial of the circulation made by the mint officials in December, 1787, showed that the shillings lacked 23.74 per cent and the sixpences 36.23 per cent of their legal weight.[2]

Scanty as it was at the outset, the supply of silver coins was still further reduced during the years of the Napoleonic struggle.

[1] Lord Liverpool, A Treatise on the Coins of the Realm in a Letter to the King (1805), p. 187. [2] *Ibid.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The depreciation of the paper money after 1797 affected the silver coinage directly. The fall in the value of the bank note was not so great that 20*s.* of the average coins then in circulation had a greater value as metal than as currency, yet the paper ultimately fell below the metallic value of the least abraded coins in use and so led to the withdrawal of such coins from circulation. This is seen in the progressive deterioration of the coin. While in 1798 the shillings lacked 24.60 per cent of their legal value and the sixpences 38.28 per cent,[1] in 1807 the deficiency for the former had increased to 41.65 per cent and for the latter to 50 per cent.[2] If, however, the complaints of an even earlier date in regard to the condition of the silver coin be deemed worthy of credence, we cannot escape the conviction that the export of silver coin was not the only cause of the scarcity which characterized the early years of this century. It seems to have been an enhancement of demand, as well as a curtailment of supply, that caused the pressure on the silver coinage. With the Napoleonic struggle England awoke from her lethargy, and the efforts which she put forth by land and sea were paralleled by a livelier activity in commerce and industry at home.

The chronic demand for a larger circulation of silver — which the laws, as they stood, were incapable of meeting — was intensified by the commercial activity of the time, with its stimulus to manufactures. The Bank of England, guardian of the monetary circulation more than ever after the suspension of specie payments, sought to relieve the situation. In 1797 the bank imported a large quantity of Spanish dollars and placed them in circulation at a valuation of 4*s.* 6*d.* The valuation thus fixed gave to the silver metal of these coins a value higher than the legal value of the silver shilling. It was equivalent to coining silver at a rate of sixty-four shillings to the pound Troy, while the legal silver coin was minted at

[1] Lord Liverpool, A Treatise on the Coins of the Realm in a Letter to the King (1805), p. 187.

[2] Earl of Lauderdale, Elementary Propositions Illustrative of the Principles of Currency (second edition, 1819), Appendix, p. 9.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the rate of sixty-two shillings to the pound. Yet this new rate for silver proved too high for domestic circulation. The Bank, chagrined to find that these coins no sooner went into general circulation than they disappeared, very quickly changed the valuation of the coins to 4*s.* 9*d.* At this rate they continued to circulate for a time and were a real boon to the trade of the country. But, with the slow but progressive decline in value of the bank note, — so slow that as late as 1811 Parliament rejected, with what seemed at the time a show of reason, the logical conclusions of the "Bullion Report," — the bank found itself forced to change the valuation successively to 5*s.* in 1804 and to 5*s.* 6*d.* in 1811. The whole amount of such currency issued had a nominal value of £1,789,729 4*s.* 9*d.*[1] As Lord Liverpool in 1805 estimated the circulation of silver coin at something less than three millions sterling,[2] it will be seen that this was a considerable addition to the circulation. But the Bank went further, and from 1811 to 1813 issued tokens in denominations of 3*s.* and 1*s.* 6*d.* to the amount of £1,919,556 18*s.* 6*d.* These latter coins corresponded in weight to the Spanish dollars valued at 5*s.* 6*d.* With continuing depreciation, the circulation of these coins grew increasingly difficult, and in 1813 the Bank of England seems to have abandoned the effort to supply the country with change.[3] Indeed, at that time dollars and tokens were at a premium, and a profit of 3¼ *d.* per ounce of silver could be obtained by melting them.[4]

The effect of the depreciation of the bank note on the standard silver coins of the realm was veiled by the depreciated and abraded state of this coinage, but in the case of these bank dollars and tokens it was clear and unmistakable. It seems strange that the "Bullion Report" of 1811 takes no note of this obvious argument.

The issues of the Bank of England facilitated its own payments in a high degree, and the avidity with which its silver issues, both dollars and tokens, were absorbed by the general

[1] Lauderdale, *op. cit.*, Appendix, p. 10.
[2] Liverpool, *op. cit.*, p. 186.
[3] Lauderdale, Appendix, p. 29.
[4] *Ibid.*, p. 11.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

circulation testifies to the needs of the country. Yet they were far from adequate to supply the demand; and the issue of tokens, both of paper and of metal, by individuals became general. We are indebted to the Earl of Lauderdale, in a pamphlet entitled *Elementary Propositions Illustrative of the Principles of Currency*, first published in 1813, for an interesting account of this phase of the situation. The author describes a large number of tokens which he had collected, and brings together a great many letters which throw light upon the circumstances of their issue and circulation.

A few illustrations are given of printed tokens. Of these a number were issued by guardians of the poor for various amounts and were redeemable in appropriate quantities in notes of the Bank of England. Others were issued by shopkeepers and were declared on their face to be good for merchandise at such and such a shop and to be redeemable, if presented in sufficient quantities, in one-pound notes. The typographical art of the period did not permit the author to reproduce facsimiles of many of the notes, especially of those which were engraved. It appears from the text, however, that the number of such notes in circulation[1] was considerable. Moreover, in addition to these paper tokens, correspondents speak of the existence in the general circulation of leather, copper and especially of silver token shillings.

From the fact that the English people of that day were not accustomed to the use of a paper currency for values of less than five pounds, we may perhaps infer that such paper notes were accepted only with reluctance and had a very limited circulation. But, on the other hand, it is certain that metallic tokens in denominations of one shilling and sixpence were widely used. The Earl of Lauderdale gives us a carefully prepared list of such tokens, describing no less than one hundred and sixteen varieties, and stating the weight, fineness and value of each in legal shillings. The coins mentioned in this list were silver tokens of various denominations, issued in various parts of the kingdom by individuals whose names are

[1] Lauderdale, Appendix, pp. 8 and 29.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

given, and were remarkable for the slight margin between their metallic content and their nominal value.[1]

Such an enumeration may give us some notion of the variety of these tokens, but it is not conclusive evidence of the extent to which they were used. On this latter point statistical returns are not to be expected, but some general ideas may be derived from the letters of the correspondents of the Earl of Lauderdale. He summarizes the testimony of his correspondents as follows:

> From all quarters, however, he learns that the calls with which local dealers have to contend are greatly increasing; that Bank of England tokens are becoming infinitely more scarce; that even many of the local tokens have been withdrawn or have disappeared; that in manufacturing towns small payments have been recently principally made by copper tokens, and that journeymen are generally paid (to use the technical phrases) by linking them or banding them together with notes, which inevitably drives them to the public houses for change.[2]

The author's testimony is clear and incisive, but that of his correspondents has a concreteness which makes it even more striking. As to the extent to which these tokens were used, we learn from Bristol: "The quantity of silver sanctioned by the government now (June 16, 1812) in circulation here is not more than in the proportion of two to twenty of local tokens."[3] Bridlington reports that "local tokens compose four parts out of five of the circulating silver money";[4] Swansey, that "the tokens form five parts out of six of the silver circulation."[5]

[1] Lauderdale's table gives, among other interesting details, the price of silver per ounce at which these tokens were severally issued. By groups I find the following figures:

Price of Silver.	No.	Price of Silver.	No.
Less than 7*s.* per ounce	1	From 9*s.* to 9*s.* 6*d.*	7
From 7*s.* to 7*s.* 6*d.*	12	From 9*s.* 6*d.* to 10*s.*	5
From 7*s.* 6*d.* to 8*s.*	20	From 10*s.* to 11*s.*	3
From 8*s.* to 8*s.* 6*d.*	29	From 11*s.* and over	2
From 8*s.* 6*d.* to 9*s.*	37		

The market price of silver is given for the latter part of 1813 at 6*s.* 11*d.* per ounce (Appendix, p. 11).

[2] Lauderdale, Appendix, p. 23. [3] *Ibid.*, p. 23. [4] *Ibid.*, p. 25. [5] *Ibid.*, p. 27.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

These letters show that before a resort was had to the issue of these tokens it was not infrequent to give a premium for change.[1] The dealer in Bridlington already quoted continues his account of the situation as follows :

Bank of England tokens have invariably disappeared after their first circulation, even before local tokens were issued. Before this resource I used to give a premium in London to get silver, but that premium increasing, I was compelled to discontinue it, my trade not allowing me to pay so dear for the accommodation ; and until the issuing of local tokens, I was daily under the necessity of refusing goods to customers, from being unable to furnish them with change, whilst I sustained great loss by giving credit to people who came to my shop for goods, knowing that I could not give them change for a note.

From Swansey it is reported that before the issue of local tokens all classes felt the want of silver money in an extreme degree, and that, at a meeting of the inhabitants convened by public advertisement, thanks were voted to the issuers of tokens.[2] From Barnstaple we have a somewhat similar report :

About three weeks ago the tradesmen who issued tokens announced by public advertisement that they would pay them off on or before a certain day; in consequence of this about two-thirds of what had been issued was brought in for payment. The result was, that the retail trade immediately came to a stand, and several of our most respectful inhabitants called upon the issuers to request of them to reissue for two or three months. After some consideration they consented and we now go on as formerly.[3]

Other features of the situation are disclosed in a report from Frome as follows :

Previous to the issue of local tokens, many persons were obliged to give a premium of five per cent for change, whilst others could not procure it even at that rate. . . .

Tradesmen's books were filled with small debts, the greater part of which will never be discharged ; in many instances the wives and children of laborers have had to suffer hunger, and the most dreadful privations, through the husbands being drove to an alehouse in

[1] Liverpool, 188. [2] Lauderdale, Appendix, p. 27. [3] *Ibid.*, p. 28.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

order to obtain change for a one-pound note, part of which frequently belonged to a fellow workman. The collectors of taxes have had their task increased by the impossibility of giving change for the paper currency. The overseers of the poor found the collecting of rates, and the procuring of change for the payment of the paupers, to be a work of unprecedented labor. Therefore, being thus plunged into intolerable difficulties, we were naturally led to seek some means of extricating ourselves, and no mode appeared so likely to do it, as that of issuing tokens. But now again the want of change is so great, that the most intimate friends will not part with it, but on condition of receiving a similar favor when required.[1]

These citations furnish some local color in the account of this well-nigh forgotten episode. They might be multiplied, but the student must be referred to the original work for a fuller treatment of points mentioned.

As these issues bore uniformly the names of those who put them out, it is to be inferred that they were in large measure redeemed after the need for them had passed away. With the reorganization of the English currency by the law of 1816, which made the silver coin definitely a token money, ample provision was made for a currency in small change adequate to the needs of the people. But, as was stated above, government relief came slowly; and in the mean time we have an illustration of self-help in the provision of a circulating medium, which seems more in conformity with American than with English habits.

But, to demonstrate that economic necessities are more potent than national characteristics, we may briefly allude to similar experiences in France before taking up our own richer and more varied experience. The suspension of specie payments during the struggle with Germany substituted the issues of the Bank of France for metallic money. At the same time the law of August 12, 1870, which authorized the suspension, conferred upon the Bank of France the right to issue notes of twenty-five francs. But even these enlarged privileges did not

[1] Lauderdale, Appendix, p. 27.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

enable the Bank to fill entirely the void in the circulation created by the disappearance of gold. Silver seems to have been little affected, as coins of less than five francs were already token money. But gold coins of five francs and upwards and, in a less degree, the silver five-franc pieces having been driven from circulation by the depreciation of the bank notes, there was a range within which payments could be made only with great difficulty. Money of less denomination than twenty-five francs was absolutely necessary; and, as the Bank of France was unable to relieve the situation, a large number of municipalities, chambers of commerce and syndicates took matters into their own hands by issuing notes of ten francs and five francs. In some cases such notes were issued without any provision for their redemption, but such were the needs of the moment that they were generally received and used as money. Neither the government nor the Bank placed any obstacles in their way; and, after tiding over an emergency, these notes were almost entirely redeemed in later years.

Such issues were more common in the departments than in Paris; but when in September, 1871, a crisis broke out in the capital, a similar resource was employed. Without an act of the legislature which did not meet until December, the Bank was powerless to meet the situation. The large private banks formed a syndicate for the purpose and early in November, 1871, issued large quantities of notes of five francs. The Société Générale de Crédit did not join with the syndicate, but issued notes of its own in denominations of one, two and five francs. These various notes were tolerated by the government, exempted from stamp tax and received at the government treasuries. The maximum circulation was attained March 5, 1872, when the issues were:

Société Générale, notes of	5	francs,	12,600,000 (francs)
" "	2	"	4,700,000
" "	1	"	2,400,000
			19,700,000
Syndicate, " "	5	"	8,200,000
			27,900,000

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

At the close of December, 1871, the Bank of France was authorized to issue notes of five francs and ten francs, and the private banks were called upon to redeem their notes, which, after September 30, 1872, were not to be received at the public treasuries. In a few years by far the greater part of these notes had been redeemed and trifling amounts only are still outstanding.

In the United States the generation which has grown up since the Civil War knows only a currency which, however complex, is at least wholly national in character. Money coined or issued by the national government, or under its authority, embraces the entire circulation, from the largest to the smallest denominations.

The credit for this unification of our money, which followed the multifarious issues of state banks, is usually ascribed to the National Banking Act and concomitant legislation. And, in so far as the circulating medium consists of the dollar and its multiples, this legislation did in fact remove the causes of diversity. Throughout our history sums of five dollars and upwards have been almost exclusively represented by paper issues in the actual circulation which passes from hand to hand, as distinguished from that which slumbers in the vaults of the government and the banks. Since 1861, and frequently before that time, the same was true of all money of a dollar and upwards in general circulation. Under present conditions, however, the range of circulation for silver coin is limited in law by the dollar, and in practice largely by the half dollar. Within this range we have for the last twenty-five years been so accustomed to the circulation of silver coin that we are prone to forget that the establishment of uniformity in this minor coinage was the product of an evolution as long and tedious as that which gave us uniformity in the higher issues.

Historians of the monetary experience of the United States have frequently pointed out that prior to 1860 we suffered the vicissitudes of a changing standard, silver being the predominant

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

money metal until the thirties, after that period gold taking its place. The measure of inconvenience which resulted from the divergence of the legal and the market values of silver and gold in this period has been greatly exaggerated, because it is frequently forgotten that during this epoch specie served chiefly as a metallic reserve. General historians, who have approached the subject without any preconceived monetary principles, have given us a truer picture of the times, in fastening our attention on the bank-note circulation and its checkered history. Yet, underlying the vast structure of bank-notes which formed the circulating medium lay a metallic reserve, and the principles of metallic money slowly but surely made themselves felt in actual experience. Passing over the larger transactions of commerce, it is my purpose to disengage, if possible, from the tangled web of experience the effects of these slow but far-reaching monetary changes upon the circulation of silver coin among the people.

The law of 1791 placed gold and silver on an equal footing in the coinage of the United States. Not only was the coinage of silver free like that of gold, but the minor coins were, in weight as well as in value, exact fractions of the dollar and, like it, had an unlimited legal tender. When, therefore, the coinage of the silver dollar was suspended in 1806, this did not imply the cessation of silver coinage; for thereafter the half dollar became the leading national silver coin, and considerable quantities of it were issued.[1] Coins of the dollar denomination did not disappear, for they were represented by the Spanish dollars then legally current. Indeed, the elimination of foreign coin from the circulation was a slow process, and was not finally completed until the middle of the present century. "Specie" in this period did not necessarily mean coin of the United States. Yet most of the foreign coin

[1] Before 1853, silver half dollars constituted $66,480,740.50 in a total silver coinage of $75,269,864.60, or, in round numbers, 88 per cent of the entire coinage. After 1853, when the coinage of silver was chiefly for small change, and until January, 1862, the half dollars constituted $23,299,379 in a total silver coinage of $49,612,036, or, in round numbers, 47 per cent of the entire coinage.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

current here was silver, for silver was still the chief monetary medium of the civilized world, apart from England, until after the gold discoveries in California and Australia.

At least until the monetary laws of 1834 and 1837 and for some time thereafter, whatever pressure there was for the export of the precious metals from the United States fell with the greatest weight upon gold. Our stock was scanty, and at times the export of gold had to be supplemented by that of silver; yet, as whatever inducement there was to import specie led to the importation of silver, rather than gold, our stock of silver was fairly well maintained. There was no pressure on silver from the side of metallic money, and under normal circumstances its circulation was maintained.

But we were not free from local and temporary dearths of silver coin. On the frontier especially, where specie of all kinds was rare and where communication was slow, the dearth of small coin frequently led to the issue of small notes by banks and individuals for the accommodation of retail traffic. But more important for our present purposes were the temporary needs for silver incurred by the suspension of specie payments in 1812 and 1837. Since silver was the common form of specie and all silver was of like value before the law, it needed but a slight depreciation of paper to cause the withdrawal from circulation not only of the Spanish dollars then so common, but also of the national halves, quarters, dimes and even half dimes. Of the effects upon the people of thus robbing them of their small change, we have already had a picture from a similar state of affairs in England. The remedies were the same; and the expressive term, "shin plasters," recalls the small notes with which individuals, storekeepers, bridge and turnpike companies and others sought to relieve the situation. Originally issued for the accommodation of the issuers, they were eagerly seized upon by the public as a means of making payments and were passed from hand to hand. Liable to tear or to wear out, and of small denominations, the probability of their presentation for redemption was slight, so that the issuers not only served a public need but reaped a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

profit from the necessities of the people by increasing the issues. The banks, like everybody else who handled money, felt the pressure of such emergencies, but they were in many cases prohibited by their charters from issuing notes below a certain denomination — sometimes $1, sometimes as high as $5. When such rules prevailed, the banks often resorted to the device of issuing small notes through private dealers, with a more or less veiled guaranty of payment. Thus, James Jones's notes might bear the inscription, "Redeemed in quantities of $5 at the City Bank."

Few of these "shin plasters" have been preserved; but the historians tell us that they were in universal use and, if we consider the circumstances of their issue, we may well believe that it was so. In the panic of 1837 some relief was sought in the issue of coppers. Within certain limits, such coins in sufficient quantities are capable of being a substitute for small silver. Some of these private copper coins have been preserved. Numismatists enumerate some 164 varieties of such coins from the Jacksonian epoch.[1] In diameter and thickness they correspond to the large copper cent then in use.

Of the coins described by the numismatist, some ninety-three are what are designated as shop cards. These were issued by merchants and others, partly as advertisements, partly to supply the great need of small change. Some of them bear inscriptions, "For public accommodation" and the like, which indicate their purpose. On the other hand, a large number of the coins of this period were used as vehicles of political satire and abuse. The victim of this abuse is generally Jackson. Thus, one coin of 1834 bears the gaunt figure of the President, carrying in one hand a sword and in the other a money-bag, surrounded by the words, "A plain system, void of pomp." On the reverse of the coin is the emblem of a jackass in his most stubborn attitude, with the

[1] Hard Times Tokens. An arrangement of Jackson Cents, issued for and against the United States Bank, together with other pieces issued by merchants and moneyers between the years 1833 and 1844, now familiarly known as Hard Times Tokens. By Lyman Haynes Low. (Second edition. New York. Published by the author, 1899.)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

letters LL.D. on his haunches, in allusion to the degree conferred on Jackson by Harvard University. Over the jackass are the words, "Roman Firmness," and around the edge the celebrated words of Jackson, "The Constitution as I understand it." Another coin, of 1837, bears a representation of a turtle carrying on its back an iron safe labelled "Sub-treasury," while beneath are the words, "Fiscal agent," and around the coin, "Executive experiment." The reverse of this coin has a jackass running, and the words from Van Buren's inaugural, "I follow in the steps of my illustrious predecessor." The contest over the Bank is shown in two contrasted coins of this period. One bears a ship under full sail, labelled "Constitution," and around it the words, "Webster, credit currency, 1840"; while the other shows a ship labelled "Experiment" struck by lightning and foundering in the waves, with the inscription, "Van Buren, metallic currency, 1837." A few of the coins are laudatory of Jackson and his party, but the greater number contain expressions of abuse and ridicule. A full list of these coins, with appropriate explanations, would form a complete exposition of the political controversies of the day; for among them we find references to the Bank, the suspension of specie payments, Benton's "mint drops," slavery and kindred subjects of contemporary interest. The strong political bias of these coins leads us to doubt whether their circulation as money was as general as that of the neutral merchant tokens. They are none the less a curious monument alike of the bitterness of political strife and of the disorders of the currency.

The decade from 1830 to 1840 marked a turning-point in our monetary history. Discussion of the coinage inaugurated some years earlier finally bore fruit in 1834 and 1837, in laws which, while not changing the legal relations of gold and silver, so changed the ratio between them (by establishing the well-known ratio, 16 to 1) that the weight of preference for domestic circulation was thrown upon gold, rather than silver. After the panic of 1837, furthermore, we find in the leading states a series of laws designed to place the issue of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

bank notes upon a sane and secure basis. Among the provisions of these laws we frequently find one which forbids the issue of bank notes of a lower denomination than $5. The recuperation from the financial disorder of 1837 and the comparatively slight preference for gold under the coinage laws led in the early forties to a period of comparative stability. It is true that silver, rather than gold, was now exported, but the quantities were slight and the metallic circulation was not seriously impaired.

With the discovery of gold in California came a change. Obviously we could not keep all its treasures at home, and an export movement soon set in. Under conditions then existing, it was less profitable to ship gold direct than to export silver and let gold take its place in the circulation. But this latter operation was not without its influence upon the everyday affairs of the people. The banks might be willing to transform their specie reserve from silver into gold, but the people in general could not see without alarm their half dollars and quarter dollars leaving the country. If the rich mineral discoveries were to be the signal for another era of the "shin plaster," they would not be an unalloyed blessing. Guided by these considerations, Congress in 1853 diminished the weight of the minor silver coins and limited their legal-tender quality. It does not appear in the debates that the situation had become so grievous as to cause the issue of private tokens, but the fear of such an issue was widespread. It appears that the export movement had made serious inroads in the stock of half dollars which, under the conditions of the times, were the principal means of payment in all sums of less than $5, and had begun to threaten the quarter dollars. Under these circumstances, the fear of the issue of small bank notes was even keener than that of the issue of "shin plasters," properly so called. But all these fears were laid at rest by the act of 1853. In the next seven years $49,612,036 of silver coin were issued from the mint. We had accepted the solution adopted by England early in the century and, for the first time, the country was adequately supplied with small change.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Under the law of 1853 the weight of two half dollars was 92½ per cent of that of the standard silver dollar; and, though the latter was at a premium, the margin between the nominal and the bullion value of the minor coins was sufficient to insure their domestic circulation and protect them against export. In 1860 two half-dollar coins equalled in bullion value 97.7 cents in gold. With the issue of paper money and the suspension of specie payments in the latter part of 1861, gold went to a premium — slight at first, but gradually increasing as paper money sank in value. Any depreciation of paper below the point where $100 in paper could command $100 in gold must immediately affect the gold circulation. But it could not affect the silver circulation until the gold value of paper should be less than the gold value of silver. When, however, the paper reached such a point that $100 in paper could not command as much as $97.70 in gold, silver coins would also be at premium. This point was reached early in 1862; and, as the silver money became scarcer, the difficulties of small payments correspondingly increased.

In a letter of July 14, 1862, Secretary Chase laid the matter before Congress.[1] He spoke of the increasing difficulty in obtaining change and referred to the issuing of checks and tokens for sums of less than $1, which had become a general practice on the part of hotels and business men. To mitigate this evil he proposed that Congress should declare such private issues illegal and apply a remedy, either by repeating the action of 1853 and still further diminishing the value of the minor coins or by authorizing the use of stamps in small payments. There was little debate on the subject in either branch of Congress, and on July 17, 1862, a law was enacted authorizing the secretary of the treasury to issue stamps to be exchanged for United States notes. After August 1, 1862, these stamps were to be received by the United States for all payments of sums less than $5 and to be redeemed by the United States when presented in sums of not

[1] Congressional Globe, 1861–2, p. 3405.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

less than $5. The second section of the act prohibited private issues in the most explicit terms.[1]

This law was commonly understood to authorize the use of postage stamps, and its first effect was a run upon the post-offices for stamps. The postmaster-general reported that in the third quarter of 1862 the receipts from the sale of stamps in twenty-nine of the larger postoffices exceeded by $794,340.08 the receipts in the corresponding quarter of 1861. This excess was, in fact, greater than the total sales in the third quarter of 1861. In New York city alone the excess was $425,296. Even at this rate the postoffice department did not supply half the quantity demanded. Such a sudden and unusual demand greatly embarrassed the postal authorities, and led to orders from headquarters to refuse to sell stamps wherever there was reason to believe they were not to be used for postal purposes. The adhesive stamps of the postoffice were an awkward make-shift as currency. They cracked easily, and when they grew dirty could not be used for their original purposes. Frequently the mucilage was washed off, or they were pasted upon strips of cardboard. In some cases they were encased in metal, and I have seen one with the face protected by a piece of mica and bearing on the metal back an ingenious advertisement.

The unfitness of the postage stamps for currency led the secretary of the treasury[2] to substitute small notes for them. As these notes bore for each denomination a representation of the postage stamp of the same value, they were known as postage currency. In December, 1862, he reported that it had been found impossible to keep pace with the public demand, though the daily issue was $100,000 and was being rapidly

[1] "Sec. 2. And be it further enacted, That from and after the first day of August, eighteen hundred and sixty-two, no private corporation, banking association, firm, or individual shall make, issue, circulate, or pay any note, check, memorandum, token, or other obligation, for a less sum than one dollar, intended to circulate as money or to be received or used in lieu of lawful money of the United States; and every person so offending shall, on conviction thereof in any district or circuit court of the United States, be punished by fine not exceeding five hundred dollars, or by imprisonment not exceeding six months, or by both, at the option of the court."

[2] Annual Report, 1862 (dated December 4, 1862), p. 29.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

increased to twice that amount. Yet at the time of preparing his report the aggregate issue had reached only $3,884,000, and to meet the imperious needs of the trading public the issue was too slow. In March, 1863, fractional notes were authorized to the extent of $50,000,000. They were to take the place of the postage currency, but by June 30, 1863, none had been issued, though the postage notes then amounted to $20,192,456. It would appear that this sum really met the needs of the time, for it was only gradually increased, though as time went on the fractional currency took the place of the postage issues. The combined issues as late as June 30, 1866, amounted to not more than $27,070,876.

If by the close of 1863 the government had succeeded in supplying the need of small currency,[1] the same was not true in the early months of that year, which, despite the prohibitions of the law, showed a remarkable crop of "shin plasters" and copper tokens. The issue of the latter began in the fall of 1862 and reached its height in the early part of 1863. Later in the year the need grew less and the government took active measures to repress the issues. Issues of 1864 are, therefore, comparatively rare; so that in a small collection, embracing some seventy varieties, which has come under my observation, there are but three specimens with the date of 1864.

The ability of copper coins to become a substitute for the small silver is, of course, rather limited, and in 1862 and 1863 it seems to have been tested to its utmost capacity.[2] The

[1] Annual Report of the Secretary of the Treasury, 1863.

[2] In 1857 the small cent was substituted for the large copper cent, and the coinage of cents was relatively large to effect this substitution. This seems to have been accomplished by 1861, after which the demand for cents in the war period here mentioned caused the coinage of these coins to mount considerably:

Calendar Years.		Calendar Years.	
1857	$177,834.56	1862	$280,750.00
1858	246,000.00	1863	498,400.00
1859	364,000.00	1864	529,737.14
1860	205,660.00	1865	354,292.86
1861	101,000.00	1866	98,265.00

In the ten years immediately preceding 1857 the annual average coinage of cents was $51,300.39, while in ten years following 1865 it was $88,982.00.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

director of the mint speaks of an unprecedented demand for cents which the mint was unable to meet. Hence private individuals issued tokens. The only official reference to the subject which I have been able to discover is in the report of the director of the mint for 1863, where he says:

A great benefit to the country was effected by the act of 1857, reducing the size of the cent. It is to be regretted the idea still prevailed that it was necessary to put into the coin, if not an equivalent, at least a large proportion of real value. To this end, and for other reasons, an alloying metal was sought which should command a comparatively high price in the market, without being properly a precious metal. Nickel, possessing the requisite value and suitable qualities, was selected. It was then worth about two dollars per pound; though it has since been much lower in price. Our cent was, by decreasing the size, reduced in weight from 168 to 72 grains; the former simply copper, the latter an alloy of 88 per cent copper with 12 per cent nickel, making a coin of convenient size and neat appearance, and containing a half-cent's worth of metal, more or less, according to market fluctuations. The change was well intended, but the experience of other countries, and, indeed, of our own, has taught us that it was an unnecessary liberality, and that all the nickel we have thus used has been so much money wasted. Whilst people expect a full value in their gold and silver coins, they merely want the inferior money for convenience in making exact payments, and not at all for the value of the copper, tin or nickel which may be present. If the law makes it a cent of legal tender to a proper and sufficient extent, then it is a cent to every one using it, even if its intrinsic should be only the one-tenth of its nominal and legal value. If any further proof of this fact should be demanded, we have only to refer to our own recent experience, when illegal cent tokens of the size of the legal cent were made and freely passed, although they contained no nickel, weighed on the average about 51 grains, and were worth not more than one-fifth of a cent. Not less than three hundred varieties of these false and illegal tokens or cents have been made and issued, and, until suppressed, were freely used as coin by the public. They were in direct violation of the laws of the United States; and the prosecution of certain parties issuing them has deterred others, and will soon drive them altogether from circulation.[1]

[1] Finance Report, 1863, p. 189.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

While I have been unable to find any record of the prosecutions here referred to, I am informed by a Philadelphia merchant who issued such tokens that he was threatened with prosecution if he continued his issues. Such threats probably sufficed in a great majority of cases, though they were reinforced by the fact that the circulation became saturated with small change and would not absorb further quantities.

But, if official documents are comparatively silent on this question, the zeal of the numismatists has rescued it from complete oblivion. It appears from accounts of collections that the number of varieties was far greater than the director of the mint thought it to be, for a collection described in the *Coin Collectors' Journal* for 1876 mentions about five thousand varieties.[1] No description is attempted of these various tokens, for it is obvious that a detailed list would fill a volume. But from a smaller collection, representing the haphazard gathering of a schoolboy during the Civil War period, which has come under my notice, we can gather some idea of the general character of the coins.

The coins are in general nearly of the diameter and thickness of the small cents then in use, though a few are larger and approximate the general appearance of the older copper cents. By far the greater number are of copper slightly alloyed, though a small number are of a composition which in its appearance is not unlike that of the nickel cent of 1857. With regard to the inscriptions, we may distinguish broadly between tradesmen's tokens and general tokens, using the former term to designate such coins as bore some evidence of their origin. In the large collection mentioned no less than 4069 such tokens from different parts of the Union, besides 206 sutlers' checks, are recorded. The largest contributors to the list are: Ohio 1358 varieties, New York 914, Michigan 511, Wisconsin 385, Indiana 270, Illinois 160, Pennsylvania 156 and Rhode Island 130. Other states furnished much smaller contributions, the total for New England, including Rhode Island, amounting to only 152. The Western cities,

[1] P. 12.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

particularly Cincinnati, to which no less than 888 varieties are attributed, led the list. To return to the inscriptions upon these tradesmen's tokens, I find in the smaller collection ten out of a total of thirty-five which contain a direct promise to redeem the coins, sometimes in bills but more generally without specification of the mode of redemption. On the other hand, twenty-five coins contain only the name of the dealer. While one side of the coin bears the name of the dealer, the other generally bears some patriotic emblem or inscription. The most frequent of these emblems is the Indian's head which figured on the legal cent after 1859. Looking at this side of the coin, one would suppose that he was handling an ordinary cent. Heads of liberty, recalling the former cents, flags, shields and the like, are also seen. Sentiments, such as "Liberty and Union," "Union forever," are not infrequent; while an ingenious miller of Albany, N. Y., seems to mix patriotism and business by the inscription "Union Flour," and the People's Line of Steamers holds strictly to business by placing on the coin the time-table of the line. Doubtless these tokens involved a profit to the issuer and a loss to the public. Some were lost, some were preserved in the cabinets of collectors, and others wandered so far from their place of origin that redemption without disproportionate expense was not to be thought of. Yet the fact that the issuers placed their names upon the coins seems to indicate that redemption was at least contemplated.

But there was a large number of tokens in circulation, which I have designated general tokens, as to which there was no intention of redemption, for they bore no indication of origin whatever. The larger collection mentioned enumerates as many as 848 varieties of such coins. Since, in the absence of the trader's name, two sides of the coin had to be inscribed, a greater scope for the exercise of ingenuity was afforded to the designer. As a rule, the coin has on one side an emblem and on the reverse side an inscription. Perhaps the most frequent specimen was an almost exact imitation of the legal cent, differing from that coin simply by the insertion in very small letters

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of the word "not" above the words "one cent." Such a coin came into my possession some years ago through the general circulation, and only very careful scrutiny reveals that it is not a coin of the United States. The Indian's head, either exactly or nearly reproducing that on the legal coin, is a frequent emblem. We find used also the shield, the flag, the figure of liberty, the heads of Washington and Jackson, groups of cannon and arms, monitors and many others. The inscriptions are either general or have some reference to the emblem on the coin. In the general inscriptions various devices are used to weave in the words "one cent," which are usually printed in large letters in the centre as in the legal coin, while the other words are less prominent. Thus, we find such sentences as "Good for ONE CENT" and "Millions for defense, not ONE CENT for tribute." Other general inscriptions indicate the character of the issue, such as "Pro bono publico," "For public accommodation," "Tradesmen's currency," "United States medal"; while still others breathe patriotic sentiments, "Stand by the Flag," "Army and Navy," "Union forever," and the like. In some cases the words refer to the emblem. Thus, on coins bearing the image of Jackson we find his famous sentence, "The Federal Union must and shall be preserved"; while coins with the flag have surrounding it the words, "The Flag of our Union," and on the reverse, "If anybody attempts to tear it down, shoot him on the spot, Dix." Of course, when such a coin came into general circulation, it became a loss or a relic to the last holder.

Such were the coins put out in the years 1862 to 1864. An enumeration of varieties is very far from giving an idea of the volume of this currency. The Philadelphia dealer already mentioned claimed to have issued a very small quantity, about one thousand. Had each of the issuers been content with so small an issue, we should yet have had an aggregate of nearly $500,000 for the coins contained in the large collection already mentioned. But we are told that one dealer in New York, Lindemüller, issued tokens to the value of $10,000. It should be said that in this issue there was no attempt to deceive the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

public. The coins were large and bore on one side the face of a patriarchal German with a long pointed beard, and on the other a graphic representation of a beer mug with the name G. Lindemüller, New York. The same authority tells us that there were probably 25,000,000 such tokens issued. This would give a value of $250,000. But both valuations are mere conjecture, and we cannot hope for accurate information.

The occasion for the issue has already been noted. To the needs of the public was added in some measure the prospect of making a profit. The Philadelphia dealer, who used in his coins a composition resembling the nickel cent of 1857, informed me that after making the die the coins cost him seventy-five cents a hundred. Where a cheaper metal was used the cost may have been less, but it should be noted that the director of the mint, in speaking of these coins as worth not more than one-fifth of a cent, must have had in mind the metallic value and not the cost of production. When issued in comparatively small quantities, the cost of preparing the die and manufacturing the coin must have eaten up a large part of the margin between the nominal and the metallic value of the coins. Individual issuers, moreover, were restricted by the limited opportunities of putting out quantities of cents in the course of ordinary trade. It is reported that those who issued what have been designated as general tokens sold them in quantities outright to dealers and were thus able to reap a considerable profit from the coinage.

The present low value of silver as compared with gold, and the wide margin between the bullion value and the nominal value of the minor silver coin, will probably protect us in the future from the experience of private issues, should monetary storms again assail us. But the record of the past shows us how great are the necessities of commerce and how ways have been found when the government fails in its duty to carry on the exchanges which are essential in a highly organized community.

ROLAND P. FALKNER.

LIBRARY OF CONGRESS, WASHINGTON, D. C.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

REVIEWS.

Political Parties in the United States. By J. P. Gordy, Ph.D. Vol. I. New York, Henry Holt & Co., 1900. — 598 pp.

Political Parties in the United States, 1846–61. By Jesse Macy, A.M., LL.D. (The Citizen's Library.) New York, The Macmillan Company, 1900. — vi, 317 pp.

A History of Political Parties in the United States. By James H. Hopkins. New York and London, G. P. Putnam's Sons, 1900. — 473 pp.

This thoroughly revised second edition of Professor Gordy's first volume is the result, so the preface tells us, "of further studies," which have led the author to believe

> that the political philosophy of Alexander Hamilton was held by a small minority of the Federalists; . . . that this philosophy, or rather the measures growing out of it, led to the overthrow of the party in 1800, and that there was little difference between the opinions of the majority of Federalists at that time and those of the Republican leaders of 1815. Not only has the work been reconstructed in accordance with that conclusion, many of the chapters being recast and others entirely rewritten, but it has been extended to embrace four volumes instead of three, as originally intended.

The matter for the sake of which the revision was made is fundamental; and the author's later view is, without doubt, the truer one. We must also approve the decision to extend the work from three to four volumes, for the politics of the United States grew more complex as the country grew in area and population. Indeed, if the scale adopted for the first volume is to be maintained to the end, not three, but four, or possibly five, additional volumes will be required.

All students of American party history owe gratitude to Professor Gordy for this book. It is based upon much careful study of materials and — what is of equal importance — mature reflection. Thoughtful readers will find in every chapter proofs of conscientious labor and a scholarly spirit.

What are its faults? In the first place, the title, *Political Parties in the United States*, does not accurately describe the subject treated. The title as it reads suggests a history of parties; and, in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

order to carry out this suggestion, the treatment should be such as to keep parties always in the foreground. As a matter of fact, general political history is the real subject of this first volume. Party history is made prominent, but not so prominent as the history of politics in its broader aspect. The result is a picture in which the accessories receive more attention than the central figure. It may be urged in justification that parties were less fully organized in this period than later, and hence cannot claim the place which has been rightly accorded them since the advent of Jackson. Nevertheless, the title "Political and Party History" would more adequately describe the plan followed in this volume and foreshadowed for the remainder of the work.

Turning to particulars, the question may well be raised whether, as a matter of fact, the Anti-Federalists of 1788 were as unlike the Republicans of 1791 as they are represented on page 92. Did not the reasons of the former for opposing the ratification of the constitution resemble closely those of the latter for opposing Hamilton's policy? In each case enmity to aristocracy seems to have had greater influence than the author recognizes. Is it not in a degree misleading to say (p. 105) that the Federalists "had put through Congress twelve amendments, ten of which were duly ratified and incorporated into the constitution"? This statement seems like a denial of the fact that the impulse which added the first ten amendments came from the Republicans and that the support of the Federalists was a reluctant concession. It is stated (p. 107) that "up to that time [when Hamilton submitted his financial policy] to be a Federalist meant to prefer the new constitution to the Articles of Confederation." It would then follow that previous to 1790 Jefferson was a Federalist, but no one in word or thought ever associates him with that party. The trouble arises from defining a party according to its temporary policy, rather than its enduring principles. The characterization of Hamilton (pp. 110–117) tells important truth, and much of it; but do we see the whole of Hamilton, or even what is greatest in him, when he is set forth simply as the leading anti-anarchist of his times? Is there not a degree of exaggeration of an undoubted truth in the statement that the Federal system of government, as moulded by Hamilton, was "based on the premise that the danger of anarchy was imminent and that consequently everything should be made subordinate to the suppression of it"? Is it true that "the ruling idea of Hamilton was love of justice, stability and order"? It must be conceded that Hamilton's great work was the restoration of order

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and the founding of a system strong enough to establish order; yet order was not the end for which he labored, but only an indispensable means to that end. More nearly adequate is the statement of the ruling idea of Jefferson as "his love of liberty and his belief in its practicability to a greater extent and on a larger scale than the world had ever seen" (p. 132). In the chapter on the French Revolution more emphasis on the motives which led to the adoption of the policy of "terror" and less on its horrors would have been fairer. This chapter might well have been extended so as to include a brief account of the reaction that followed the "terror." It is, moreover, not accurate to speak of the struggle between France and Great Britain "which preyed upon civilization for twenty years" as, "on the one hand, a love of liberty and a hatred of tyranny; . . . on the other, a fear of anarchy so excessive as to make clear sober thinking impossible" (p. 224). Under the Directorate "love of liberty and hatred of tyranny" influenced but little the foreign policy of France; under Napoleon such motives had no place whatever. The space accorded to Jefferson and John Randolph is, perhaps, not greater than their deserts — indeed, the chapter on Randolph is one of the best in the book. Towards other party leaders — John Adams and Gallatin, for example — the writer has been less generous. The closing chapters narrate the two great failures of Jefferson, one due to the unwise means he employed for the sake of acquiring West Florida, the other to his embargo policy. In these there is now and then a warmth, not to say heat, that lessen somewhat the reader's confidence in the conclusions of the writer. But despite these faults — most of which are inconsiderable — the book meets more satisfactorily than the best of its predecessors a long and deeply felt want.

The book of Professor Macy deals with three subjects — the theory of party, the American party system and party history between 1846 and 1860. As a matter of fact, there is more of political philosophy than of history in the book. On the supposition that a true philosophy is presented, this would be an advantage; for we are better acquainted with the leading facts of political and party history than with its inner meaning. But is the philosophy herein set forth true?

A party, so Professor Macy holds, "represents the entire state; it denies special privilege; it aims to do that which is best for all classes; . . . parties exist because men differ in opinion as to what policy is for the common good" (p. 7). This view, of course, denies the right to be called a party to nearly all organizations, ancient and modern, that hitherto have borne that name. For

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

most of these have not "represented the entire state," nor has it been their characteristic aim "to do that which is best for all classes." Indeed, Professor Macy holds that England did not possess true parties until the Reform Act of 1832. The Whigs and Tories of the earlier period, he claims, were not true parties but political factions. "A faction aims at supreme power from personal motives"; while a party "aims at the control of supreme power through the sacrifice of personal motives for the sake of the common weal" (p. 7). Elsewhere he says that "faction relies upon force rather than upon public opinion." Again,

> the political party, however, makes its appeal to the entire body politic while it aims to promote the general welfare. The history of special classes contending for privilege is a part of the history of political faction rather than that of political parties [p. 11].

There are difficulties in the way of accepting these definitions. If there were no parties in England previous to 1832, but only factions contending for power from personal motives, then those historians are in error who have described the Roundheads and Cavaliers, the Whigs and the Tories, as real parties that strove with grim earnestness to establish good government. Moreover, Pym as a leader of the Roundheads, Walpole as a leader of the Whigs, Chatham, Pitt, Burke, Fox, in their relations to the organizations which they led, were not party leaders but the heads of factions, whose appeal was "to fear rather than reason or conscience."

In Chapter VI, on "Science and Politics," it is claimed that

> the age of science and the diffusion of scientific education have laid the foundation for a new and higher principle of morality. . . . According to the new ideal a saved soul is one that has attained unto a spirit of open-mindedness to all truth. . . . In all that pertains to physical science something like moral perfection has been reached. Prejudice has disappeared. . . . So great a moral transformation cannot take place in one field of human experience without deeply affecting the whole life. Politics have already been greatly modified by the advent of the age of science. Changes there are as real . . . as in the realm of physical science, but in politics the revolution is not yet complete. Falsehood has not yet disappeared from the field. . . . Yet in politics also, as in science, a new and revolutionary moral sense has appeared.

There is reasonableness in this view of Professor Macy that the scientific spirit tends to a higher morality in politics; for that spirit antagonizes everywhere prejudice and falsehood. But the limitations of this spirit as a force tending to moral improvement should also be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

noted: it is unfavorable to lying, because lies hinder rather than promote the realization of the ends of science; but the scientific spirit does not deepen sympathy, nor does it quicken the sense of duty. To a far greater extent than open-mindedness, rightness of heart and rightness of will are the foundations of morality.

The chapter entitled "The Great Whig Failure" is one of the most interesting in the book.

When President Taylor died in July, 1850, party government in the United States was more nearly in a normal condition than it had ever been before or has ever been since. . . . While the slavery question had already disrupted the most influential of the churches, the great national parties remained intact. . . . All through the anti-slavery agitation they had thus far grown stronger and more efficient. . . . The two parties commanded the moral support of the whole people as no two parties have since done [pp. 133, 134].

The statement given above prepares the way for the indictment of the Whig party, on the ground that through neglect of opportunity it made itself responsible for the Civil War.

The strength of the national sentiment opposed to the extension of slavery was concentrated in the Whig party, which was in a position to give effective expression to that sentiment. . . . Had the Whig party held its ground in respect to the extension of slavery, no party of political importance would have been formed on sectional lines. Had no party been formed on sectional lines, there is good reason to believe that there would have been no disruption of the Union and no Civil War, and the institution of slavery would have been placed in a position for speedy and peaceful elimination.

Professor Macy argues that the Whig party ought to have done nothing in the way of concession to the pro-slavery interest. The strength of the Whig party was "to sit still."

California was sure to be admitted as a free state, there was no need of legalizing slavery in any of the new territory; there was no need of passing a new Fugitive Slave Act. A dignified, conservative, strictly national policy was open to the Whigs, by which the territorial situation would have been maintained without change. . . . Upon a policy of resistance to change for the sake of the Union, the conservative, Union-loving Southern Whigs would have held their ground as an effective fighting party.

The fatal error of opening Utah and New Mexico to the introduction of slavery led four years later to the repeal of the Missouri Compromise and the bloody struggle between the two sections

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for possession of Kansas. The argument closes with the assertion that, had the Whigs not consented to a new law for the recovery of fugitive slaves or to measures making it lawful to introduce slavery into new territory, the Whig party "could have saved the Union without a civil war."

In short, the theory here set forth rests on the assumption that, at a time when the sectional spirit had already gained great headway and was making rapid progress, it was still within the power of the Whig party and its leaders to prevent secession — that it was in their power to accomplish this through a policy of doing nothing. This view, if well based, lays upon a great party a heavy burden of guilt; but it does not seem well based. It overlooks the fact that the Whig party was by nature and training a party of compromise; hence it would have been, not only unnatural, but impossible for this party in the crisis of 1850 to have refused to make those concessions that promised to pacify the South and to make the Union safe. A party is quite as much under the constraints of its own character and habits as an individual. The policy which Professor Macy says Clay and Webster should have pursued in 1850 is one which it was simply impossible for them to look upon with any favor. What they did do seemed to them at the time both wise and patriotic; what Professor Macy recommends would have impressed them as absurdly impolitic. We have no right to blame Clay and Webster because they did not foresee the future. It is not given to statesmen, save in rare instances, to see much beyond the period in which their greatest services are rendered.

But does Professor Macy state correctly the party situation of 1850? It is surely an error to say that, "while the slavery question had already disrupted the most influential of the churches, the great national parties remained intact. All through the anti-slavery agitation they had thus far grown stronger." But parties are dependent upon public opinion; public opinion at this time was being rapidly sectionalized; the disruption of the churches disclosed the alarming progress in this direction already made. No, the parties had not remained intact; they had not grown stronger; the same force that had broken the churches was weakening them; the presence of Douglas in the Democratic party, with his power over the northern Democracy, and the presence of Seward in the Whig party, with the support accorded to his doctrine of the "higher law," are proofs that the forces of disruption were operating with power within the parties.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Professor Macy's dislike of third parties is pronounced. He does not seem to recognize the greatly useful part they play, both in the political education of the people and in the necessary reconstruction, from time to time, of the general party system. In certain important respects Professor Macy's theory of party seems unsound and his interpretation of party history during the critical period between 1846 and 1860 is questionable. It remains to add that, despite these somewhat serious imperfections, the book has great merits; for every chapter is interesting, and the writer not only thinks for himself but compels his readers to think. Indeed, among the books relating to American party history this is one of the most stimulating.

The book of Mr. Hopkins undertakes to give "an account of the political parties since the foundation of the government, together with a consideration of the conditions attending their formation and development, and with a reprint of the several party platforms." In carrying out this program, two hundred and fifty-seven pages are devoted to party history, and two hundred and fourteen to the reprint of party platforms and of the Kentucky and Virginia Resolutions of 1798 and to tables showing the popular vote in the various states in the past four presidential elections. An important feature of the party history proper are the figures showing from time to time the strength of each party represented in Congress.

In general, Mr. Hopkins's comments are marked by candor. The plan of the book, however, necessitates a degree of condensation which reduces the narrative not infrequently to a mere outline of events. Where condensation is carried to so great an extreme, faults of proportion, as well as omissions of important events, are particularly glaring. The quarrel between John Adams and Hamilton, which affected the fortunes of the Federalist party so disastrously, is not even mentioned. On John Randolph, one of the most interesting, and by far the most picturesque, of the early leaders of the Democratic party, only four lines are bestowed, and these inform us that he deserted to the Federalists — a questionable statement. It would be truer to say that he turned against Jefferson, the leader of his party, and in some matters condescended to act with the Federalists. Jefferson and Madison receive better treatment. Towards John Adams and John Quincy Adams something less than just appreciation is shown. The revolutionary civil service policy of Jackson is mentioned without approval or censure. Less than two pages are given to the account of that central event of Jackson's administration,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Bank struggle. The Compromise of 1850 occupies but little more than a page, and there is not a word in respect to its influence upon parties.

The comments of Mr. Hopkins on recent political history are fuller than the treatment of the earlier period would lead us to expect, are always in good temper and are always instructive. The last chapter, which is "A General Review" of the party history of the United States, will reward every reader.

ANSON D. MORSE.

AMHERST COLLEGE.

A Century of American Diplomacy. By JOHN W. FOSTER. Boston and New York, Houghton, Mifflin & Co., 1900. — xv, 497 pp.

This work, as its title indicates, covers a hundred years of American diplomacy, the period extending from 1776 to 1876; but a final chapter on the Monroe Doctrine traces the development of that subject down through the Venezuelan incident, and in an appendix a complete list is given of the secretaries of state down to the present time. The first hundred pages comprise the diplomatic history of the United States during the Revolution and the existence of the Articles of Confederation. The period, however, between the establishment of peace and the formation of government under the constitution is sketched very briefly, while the interesting and important transactions of the Revolutionary time are treated with much fullness of detail. A considerable part, indeed, of the chapter on peace under the Confederation is devoted to an examination of certain incidents of the negotiation of 1782 and of the part taken in it by some of the persons most prominent in bringing it to a successful conclusion. In discussing the course of the American commissioners, in concluding the treaty without consulting the French government and in departing in this respect from their instructions, the author states (p. 78) that the correspondence now accessible

> shows that the suspicions of the American commissioners as to the opposition of France respecting some of the provisions of the treaty were well founded, and that she was secretly using her influence in a manner injurious to the United States;

and in another place (p. 77) he refers to the action of Lord Shelburne in declining "the overtures of the French government as to the boundaries"; while he also remarks (p. 70) upon the "honorable

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

conduct" of the British negotiators and government, "in contrast with that of France." In narrating, however, the circumstances which aroused the suspicions of Jay, — namely, the disclosure by Rayneval to Jay of France's approval of Spain's territorial claims, the intercepted letter of Marbois and the visit of Rayneval to London under an assumed name, — he observes that the "impressions of Mr. Jay on the last two points, it is now known, were not entirely well founded," and quotes the statement of Vaughan, whom Jay sent to England chiefly for the purpose of counteracting Rayneval's influence, that he found his mission on this point "utterly needless." In fact, Rayneval's confidential reports of his conferences with the British ministry, as published by Doniol, afford evidence that he sought nothing adverse to the interests of the United States. In estimating the respective parts performed by our representatives in the diplomacy of the Revolutionary period, Mr. Foster assigns the post of honor to Franklin, as "our first and greatest diplomat."

The troublous events of the administrations of Washington and Adams are reviewed with a clear appreciation of what was accomplished, and with a just tribute to the skill and constancy with which our foreign relations were conducted in the face of a turbulent popular and factious opposition. In the account of the administration of Jefferson, the social infelicities resulting from the President's attempt to enforce at the White House "the rule of *pêle-mêle*," which afforded an opportunity for uncivil persons even to dart and scramble for the best seats at table, occupy a prominent place, though not to the exclusion of more serious matters. These incidents do not appear to have had an important effect on our international relations, but they are entertaining and possess some historical value.

The questions leading up to the War of 1812 are mentioned, but not discussed, the author observing that it "would be a tedious work to attempt a narration of the causes and circumstances which occasioned that conflict." He presents, however, an impartial view of the true relation of the United States to the great European struggle, and of the motives and exigencies of the course of the British government.

Without going further into detail, it may be said that Mr. Foster has produced a work that is readable as well as instructive. It abounds in sketches of character, and sets before us not only events, but also the actors in them. It possesses value for both the student and the general reader.

J. B. MOORE.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Diplomatic Relations of the United States and Spanish America. By JOHN H. LATANÉ, Ph.D. Baltimore, The Johns Hopkins Press, 1900. — 294 pp.

Mr. Latané's volume, as he states in his preface, is based on a course of lectures delivered in January, 1899. It contains six chapters, which relate respectively to the Spanish-American revolt, the part played by the United States and England in the founding of the Spanish-American Republics, the diplomacy of the United States in regard to Cuba, the proposed Central American canal, the French intervention in Mexico and the present status of the Monroe Doctrine. The chapter on the policy of the United States in regard to Cuba is a reprint, with some slight alterations, of a paper published in the annual report of the American Historical Association for 1897. Certain parts of the same chapter also appeared in a modified form in the *North American Review* for March, 1898, under the title, "Intervention of the United States in Cuba."

As appears by this outline, the volume presents a discussion of certain important topics in which our relations with Spanish America are or have been involved, rather than a systematic history of those relations. Other topics, the examination of which would be essential to such a history, are not included. Thus, the war with Mexico is not considered. The Walker filibustering expeditions, which also exercised a profound influence on Spanish-American sentiment toward the United States, are mentioned only incidentally. Nor is a place given to the International American Conference. So far as it goes, however, the volume constitutes an interesting and valuable contribution to the literature of the subject to which it relates. The sources of information have been carefully examined, and the results are set forth with candor and fairness. The chapter on the United States and Cuba, which occupies nearly a third of the volume, exhibits in a very clear light the continuity of the American policy in regard to the island, and exposes the partisanship of many of the narratives which have ascribed to the administration of Pierce an aggressive disposition.

In his chapter on the proposed inter-oceanic canal, Mr. Latané discusses a subject of special interest at the present moment. The Hay-Pauncefote agreement was concluded while his pages were in the press, and it is therefore merely mentioned at the end of the chapter in a footnote. Mr. Latané, however, advocates the policy of neutralization and its execution by means of an international convention, affirming that this is the historical American policy.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

In one particular, however, his criticism of Mr. Blaine's circular instruction to our diplomatic representatives in Europe of June 24, 1881, does not appear to be well founded. In that instruction, which related to the projected canal by way of the Isthmus of Panama, Mr. Blaine declared that, during any war to which the United States or Colombia might be a party, the passage of armed vessels of a hostile nation through the canal of Panama would be no more admissible than would the passage of the armed forces of a hostile nation over the railway lines joining the Atlantic and Pacific shores of the United States or of Colombia. This declaration, says Mr. Latané, "was in direct opposition to the second article of the Clayton-Bulwer treaty." That article, however, relates, not to the Panama canal, but by express reference to the canal then contemplated "by the way of the river San Juan de Nicaragua, and either or both of the lakes of Nicaragua or Manangua." The only provision in the treaty that affects the Panama canal is the eighth article, by which the contracting parties agreed "to extend their protection, by treaty stipulations," to any canal or railway, other than that of Nicaragua, connecting the two oceans. This distinction, it may be observed, is constantly lost sight of in discussions of the canal question.

J. B. MOORE.

The Future of War, in its Technical, Economic and Political Relations. Is War Now Possible? By JEAN DE BLOCH. Translated by R. C. LONG, and with a Prefatory Conversation with the author by W. T. STEAD. New York, 1899. — lxxix, 380 pp.

The book by M. Jean de Bloch is a translation, apparently through the French, of the sixth volume of the work which is supposed to have inspired the Czar's Peace Conference. However this may be, it is unquestionably the most serious and thorough discussion in modern times of the problem of war. It has, moreover, the unique value of dealing with war under the conditions imposed by the extraordinary changes in firearms during the last ten years. The author evinces considerable acquaintance with military literature and no little command of the technical aspects of the matter.

Although written on a scale of minuteness, not to say diffuseness, which readily explains how the topic could be made to fill six volumes, the author's theses are in reality very few and simple:

1. That the improved firearms are so deadly as to render war impossible on account of slaughter.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

2. That the size of modern armies renders war impossible, on account of the difficulty and expense of transporting, feeding and caring for them.

3. That any prolonged war would, therefore, inevitably result in a social revolution — the Paris Commune on a grand scale.

These propositions belong to the class of things which are very important, if true. It can scarcely be claimed, however, that they are particularly new. The novelty lies in the thoroughgoing way in which the author has gone about substantiating them. And it must be confessed that not a few of his dicta in military affairs have received remarkable confirmation from the war in South Africa. Such are, for example: that the day of the bayonet is over; that flanking operations have become difficult; that frontal attacks have become impossible; that everybody must entrench; that the defenders have at least a tenfold advantage; that artillerymen and officers are exposed as never before; that no short and decisive campaigns are possible; that the actual direction of affairs must pass into the hands of captains and lieutenants. Verily, it would have paid the British government to have supplied copies of this work to Generals Gatacre, Methuen, Buller and the rest. Had any inkling of these very obvious and vitally important facts ever reached them, it is safe to say that certain tragedies on the Modder and the Tugela would never have occurred, and that we should have heard less about Christmas dinners in Pretoria.

But if it be asked, "Has the author made out his case as respects his three main propositions?" the question cannot be answered in the affirmative. The social consequences of war, as he pictures them, are appalling; they may be true; but the demonstration of their truth presupposes the truth of proposition number two — namely, the economic impossibility of war. M. de Bloch has, however, neglected to show that the cost of war has increased more rapidly than the resources of nations; and he assumes as proved, in treating of the economic side of war, all that he has asserted regarding its technical side. Proposition number one is, therefore, the basis of the whole argument; so that, unless that is sound, the whole elaborate six-volumed structure collapses like a toy house. And it is precisely at this point that his argument is weakest.

The fact seems to be that he has been unable to keep clearly in mind the conditions under which a modern battle is fought. Part of the time he is apparently talking of the old-fashioned stand-up-and-be-shot style of fighting, which went out of vogue during the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

American Civil War; again, he talks of the open order, the light entrenchment, the guerrilla tactics of to-day; and he shifts from one to the other, quite unconsciously, using whichever assumption happens best to suit his argument. He thus reaches diametrically opposite conclusions on almost every subject, as a few examples show:

As long as the artillery is in action, it will be quite sufficient to render the nearer approach of the opposing forces impossible [p. xxxvi].

It is calculated that one hundred sharpshooters, who would be quite invisible at a range of five hundred yards, would put a battery out of action if they could get within range of one thousand yards [p. xxxv].

A battery of artillery is from twelve to fifteen times as potent an instrument of destruction as it was thirty years ago [p. xxiv].

We may conclude that every bullet will find its victim. . . . Even with the weapons now adopted, the effectiveness of fire presents the possibility of total mutual annihilation [pp. 3, 6].

The soldier under cover will be subjected to very little danger. . . . The war of the future will consist of a series of battles for the possession of fortified positions [pp. ii, 28].

I believe that war will be decided by the quality of toughness, or capacity of endurance, of patience under privation, of stubbornness under reverse and disappointment [p. xlii].

The only element of inequality is the number of soldiers in the ranks [p. 58].

Examples of this sort might be multiplied indefinitely; for it would be difficult to find any proposition relating to the effect of the different arms or the factors in war which is not elsewhere contradicted. The reader is strongly reminded of that ancient conundrum: "What would happen if an irresistible body should meet an immovable obstacle?" or of another perhaps even more to the point: "If two snakes began at the tail to swallow each other, what would happen when they reached the head?"

The author has, therefore, well declared that "we thus find before us a whole series of hopeless contradictions." But he has indicated the road out of this labyrinth — a road which he refuses to follow because it leads away from his desired conclusions — when he says,

Wars will become less deadly because they have become more deadly. . . . The slaughter which took place in the old wars . . . was simply appalling. There is nothing like it in modern warfare, and this diminution of the mortality in battle has been, paradoxically enough, produced by the improved deadliness of the weapons with which men fight.

Finally, he has answered his own chief contention — namely, that this deadliness of weapons will produce a military deadlock in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

which neither party can win a decided advantage, while both become exhausted — by pointing out that, "with the growing complexity of mechanism the need for intelligence has also grown" (a fact whereof the Spanish-American war offered convincing proof), and, furthermore, that "the elements contending in a future war will be all the moral and intellectual resources of nations, all the forces of modern civilization." This being the case, brains and character must be in the future, even more than they have been in the past, the decisive factors in warfare; consequently, there need be little fear of military deadlocks. The progress of military science has constantly emphasized the moral factor, whose importance the keen-eyed Xenophon long ago recognized in words that shed a flood of light on Marathon and Salamis, Cunaxa, Issus and Arbela: *Ἐπίστασθε γὰρ δήπου, ὅτι οὔτι πλῆθός ἐστιν οὐδ' ἰσχὺς ἡ ἐν τῷ πολέμῳ τὰς νίκας ποιοῦσα, ἀλλ' ὁπότεροι ἂν σὺν τοῖς θεοῖς ταῖς ψυχαῖς ἐρρωμενέστεροι ἴωσιν ἐπὶ τοὺς πολεμίους, τούτους ὡς ἐπὶ τὸ πολὺ οἱ ἀντίοι οὐ δέχονται* [*Anab.*, III, ii, 26].

M. de Bloch's fundamental error is the ignoring of this moral element, in his attempt to resolve a battle into a problem in mechanics. Guizot declared that nothing distorts history worse than logic; the same thing is equally true of prophecy. A certain philosopher once proved that motion is impossible; whereupon a rival got up and walked. The events in China give reason to think that M. de Bloch's proof that war is impossible will meet a similar refutation. At all events, a Scotch verdict — "not proven" — must be returned. If war is impossible, the fact is yet to be demonstrated.

ST. PAUL, MINN. EDWARD VAN DYKE ROBINSON.

Allgemeine Staatslehre. Von DOCTOR HERMANN REHM, Professor an der Universität Erlangen. Freiburg, T. C. B. Mohr, 1899. — 360 pp.

This work is the *Einleitungsband*, Abth. II, to Marquardsen's *Handbuch des Oeffentlichen Rechts*, and is certainly a fitting theoretical introduction to that classic series of studies in public law. Nowhere is there to be found a more complete discussion of the fundamental problems of politics in their most recent phases. From the historical point of view, the treatment of the subject is unusually good; and the manner in which the questions of systematic politics are approached is such as to command the greatest respect for the author's ability, even where his conclusions cannot be accepted.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Professor Rehm states at the outset his idea of the proper field for *Allgemeine Staatslehre.* It is not to be a purely philosophical theory of the state; nor is it a general theory of public law; nor yet an all-embracing, encyclopedic study of the state at every point which its activity touches. *Allgemeine Staatslehre*, he says, is not *allgemeine Lehre vom Staat*, but the *Lehre vom Staat im Allgemeinen.* It is primarily a study of the state as a whole, rather than of its elements; these elements are not to be entirely neglected, but their study extends only so far as is necessary for the understanding of the state as a whole. In this he agrees with Mohl and Georg Meyer. *Politik* is regarded as "creative action in political affairs," in contrast to action which merely follows existing rules. *Politik* determines the rule of action; administration applies the rule. *Politik* may be, furthermore, either the theory of the most advantageous way of regulating political affairs (*Staatskunstlehre*) or the theory of the actual division of power in the state and the means of obtaining such power (*Staatsmacht- und Staatsklugheitslehre*).

The state is defined as "an association of many men, organized, settled, pursuing a secular purpose, and possessing personality in international law (*Völkerrechtspersönlichkeit*)." As has become customary among German authorities, Rehm abandons the idea that the possession of sovereignty is an essential and indispensable characteristic of the state, and attempts to find an adequate substitute in the attributes just mentioned. This enables him to accord statehood to all the members of the German Union, and even to Alsace-Lorraine; but it involves him in the difficulty of distinguishing between a state so conceived and a local community (*Gemeinde*) — a problem which is now taxing the ingenuity of German publicists. Professor Rehm asserts that the mark of distinction between community and state is found in the fact that the latter alone possesses personality in the eyes of international law. This, however, does not reveal the essence of a state. Subjects of international law are states, and states are subjects of international law; but what is the quality that makes a state, rather than a community, a subject of international law? States are not different from communities because they possess international personality, but they have this quality because they are different from communities. The classification is due to the difference, not the difference to the classification.

The idea of sovereignty is discussed at length, from both the historical and the systematic points of view. It is maintained that there are in reality two quite distinct concepts of sovereignty — the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

international and the constitutional (*staatsrechtlich*). These are not two sides of the same thing, but really different in nature — one signifying independence among states, the other internal supremacy. Professor Rehm denies the possibility of a relative, diminished, divided or partial sovereignty (p. 68), but nevertheless admits semi-sovereignty (p. 69). Although there cannot be a division of sovereignty in the same territory as to objects (what he terms a *sachlich* division), there may be a territorial (*räumlich*) division. Thus, a community may be sovereign internally, but non-sovereign in respect to its foreign relations. Not only may there be, in Rehm's theory, a half-sovereign state, but we may have also a non-sovereign state. Thus, there are sovereign states, half-sovereign states and perfectly non-sovereign states. The essence of sovereignty is independence, and of this various degrees are possible.

The forms of association between states are discussed at length and analyzed with great minuteness. Two bases of classification are employed, the legal (*rechtlich*) and the political (*politisch*). A classification on legal lines is made into international (*völkerrechtlich*), on the one hand, and constitutional (*staatsrechtlich*), on the other; and these are again divided and subdivided, until fifteen different forms of association are discovered. From the political point of view, associations fall into two classes — those based on equality, but with a constant tendency toward dependence, and those based on a relation of dependence. Professor Rehm has discovered a new species of community which he names the *Nebenland*, and of this there are two varieties, the international and the constitutional. Kiautschau is a *völkerrechtliches Nebenland*, in its relation to Germany; while Alsace-Lorraine is characterized as a *staatsrechtliches Nebenland*. Both of these classes are either half-sovereign or perfectly non-sovereign. Like Jellinek in his recent study, *Ueber Staatsfragmente*, Professor Rehm shows great courage in the creation of a terminology for anomalous types of the political community.

In regard to the much-mooted question as to the nature of the state, the author takes the ground that it is not an organism, although presenting many analogies to one. From the side of personality, the state is not a pure fiction but, as Lasson has already asserted, an *abstraction* (p. 156). The distinction is that a fiction is created from the unreal, the non-existent, whereas an abstraction arises from that which has actual existence. As an abstraction, the state is a juristic personality, capable of bearing legal rights and duties.

The classification of forms of state is discussed at length, but is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

with considerable inconsistency based on the existence of sovereignty, after that quality has been declared unessential to statehood. A state is declared to be a monarchy or a republic, according as one or more constitute the governing power (*Herrschaftssubjekt*): in other words, the classification rests on a characteristic already eliminated from the definition of the state. But how can what is called a "perfectly non-sovereign state" be considered either a monarchy or a republic, when by definition there need not be any sovereignty to bear? Evidently the "perfectly non-sovereign state" is so considered from the external point of view only and may still possess internal sovereignty.

Professor Rehm further distinguishes between form of constitution and form of government. The form of government may, from one point of view, be regarded as mediate or immediate; it may also be limited or unlimited; and the *form* of government must again be distinguished from the *manner* of government (*Regierungsform* and *Regierungsweise*). In addition to the foregoing legal classification, there is given a political division of forms of state, determined by reference to the actual, rather than the legal, holders of the power. Professor Rehm finds, furthermore, no difficulty in the existence of the mixed form of state, either in the legal or in the political sense. Instances of such forms are discovered in the old German Empire and in modern England (p. 194). Sovereignty, which lay at the basis of the classification, has again disappeared, and there seems to be no objection to a monarchic-democratic state.

The author devotes considerable attention to the division of governmental powers. He approaches the problem from the standpoint of both absolute and relative separation, and discusses applications of the doctrine in Europe and the United States. The control over the budget, legislative dissolution and ministerial responsibility are examined with reference to their relation to representative democracy. Professor Rehm is a firm believer in the constitutional monarchy, as the most adequate means of realizing the ends of the state. Democracy with a parliamentary form of government is really elective monarchy, he declares, though the tenure of office is not for life. The preservation of democracy in the United States is attributed to the even balance between the political parties; but whether this equilibrium is a mere accident or an evidence of an advanced type of political civilization, he does not inquire.

Professor Rehm's work is undoubtedly a valuable contribution to political science — one of the most important treatises on systematic

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

political theory since Bluntschli. The point of view is, of course, German throughout, and what is presented is more *deutsche* than *allgemeine* theory of the state; but that partiality to environment is no more German than it is human. It should be said, however, that reference to English and French authorities is unusually frequent. Professors Dicey and Burgess are several times cited, though Rehm does not agree with their views, and in one instance Professor Burgess's theory is totally misunderstood (p. 348).

C. E. MERRIAM, JR.

UNIVERSITY OF CHICAGO.

The Welsh People. By JOHN RHYS, M.A., and DAVID BRYNMOR JONES. New York, The Macmillan Company, 1900. — xxvi, 678 pp.

In this volume we have the best account of the Welsh people ever written and one of the best accounts ever written of any people. In scope it includes chapters on the origin, the history, the laws, the language, the literature and the characteristics of the Welsh. The authors are, of all men living, the ones best qualified for this particular task. Professor Rhys, who occupies the chair of Celtic in the University of Oxford, has long been known to scholars as a painstaking and judicious investigator of Celtic origins. For materials the authors have drawn freely from the Report of the Royal Commission on Land in Wales and Monmouthshire and add much new matter that has been accumulated since the commission finished its work. The greater part of Chapter IX, on "The History of Land Tenure in Wales," was contributed by Mr. Frederic Seebohm, whose studies of the English village community long since made him the chief authority on such matters.

The first four chapters, 117 pages, are devoted to ethnological and archæological questions. The fifth chapter traces the history of Wales from Cadwalader to the Norman Conquest; and the sixth chapter is an admirable account of ancient laws and customs, clearly explaining the origin and contents of the surviving codes, and examining the evidences which they afford of an early metronymic organization of Welsh society. Chapters VII and VIII trace the history of the country from 1066 down to 1282, with especial attention to legal and constitutional development. A chapter on land tenure follows; and the last four chapters treat of the religious movement, the educational movement, language and literature, and rural Wales at the present day. This arrangement is one that coolly

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ignores the prejudices of "general" readers, who like connected stories or well-composed pictures; but for the purposes of the scholar the author's alternation of history and careful analysis is eminently satisfactory.

Criticism must be limited to a single point. It is disappointing that so accomplished a scholar as Professor Rhys has not been able to arrive at more definite conclusions upon the relations of the two great lingual divisions of the Celtic people — the Goidelic and the Brythonic — to the great cephalic divisions, namely, the long-headed Welshman and the broad-headed people of Brittany, survivals, respectively, of the prehistoric long-barrow men and the prehistoric round-barrow men. Apparently the Goidelic dialects, with their use of *qu*, are older than the Brythonic, with their substitution of *p* for *qu*, and Professor Rhys accepts this view; and it is certain that the long-headed men were in Britain generations before the arrival of the broad-headed men. If, then, Celtic dialects were spoken at one time by both the long-heads and the broad-heads, it would be natural to look for survivals of the older dialect among the long-headed groups, and to find the later dialect associated with the broad-headed distribution. This is, in fact, what is found to-day. The broad-headed men never got so far west as Ireland and Manx; and it is in Ireland, Man and the Scotch Highlands that the Goidelic or older Celtic tongue survives. The Welsh of to-day are for the most part long-headed, but they speak the Brythonic dialect. The Brythonic dialect is that which is found also across the Channel in Brittany.

It appears, accordingly, that the older Goidelic dialect is found associated only with the long-headed stock; that the Brythonic is spoken by both long and broad-headed stocks, and that the broad-headed stock of Brittany speaks Brythonic only. It is, then, necessary to reëxamine the long-accepted hypothesis, — to which Professor Rhys apparently clings, — that the broad-headed, gray-eyed eastern populations of Europe, which before the Christian era held possession of Switzerland, France and Belgium, and invaded Great Britain, bearing with them the bronze culture, were the original Celts. The alternative theory, that the first Celts were dolichocephalic, dark-haired and black-eyed, looks simpler. Professor Rhys, however, is confident that the long-headed, dark-haired type of Wales is Celtic only in speech and institutions, and that in physical features it is of Pictish origin; and the Picts, he argues, were non-Aryan. This proposition, and the identification of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

original Celtic tongue with a broad-head, can be maintained if, and only if, there is reason to believe that the men who first spoke Celtic on the European continent, from the Garonne eastward to the valley of the Po, were broad-headed and blue-eyed men, who afterwards amalgamated with a Pictish or Iberian type, surviving from a neolithic age, and that it was the half-breed type thus produced which carried a Goidelic dialect across the Channel into the British Isles; for, as we have already said, round-headed men never got as far west as Ireland. These are the points upon which investigation must be focused before we can feel at all sure whether the original Celt was allied to the dark Mediterranean stocks or is to be identified with the broad-headed Alpine stock. If the former hypothesis turns out to be true, we shall have to conclude that the broad-headed Belgæ and a broad-headed element among the Gauls were Celtic only to the extent that they had adopted a Celtic language from a people which they had conquered, and had transformed it from the Goidelic to the Brythonic form.

On the whole, however, the weight of probability is on the side of Professor Rhys' views. Canon Taylor's argument that Lithuanian is the most archaic survival of Aryan speech, and that the broad-headed, blue-eyed Lithuanians are the purest surviving descendants of a primitive Aryan people, is difficult to overthrow. If we can accept it, we can at once assume the probability that at a very early period a stream of Lithuanian migration moved westward across central Europe, its speech slowly differentiating into Celtican and its blood, commingling with the dark Mediterranean or Iberian stock, imparting to the latter oftentimes a blue eye and a rosy complexion, but not greatly modifying the long head or the black hair; and that, at a later time, another stream of Lithuanian migration moved westward across south-central Europe — dwelling long by the Swiss Lakes and in the valley of the Po, then in France, and finally in Belgium and Britain — transforming, meanwhile, the earlier Celtic speech into Brythonic and, crossing with a stock already mixed, producing the broad-headed Umbrian, Helvetian and French Celts.

In any case, it is plain that we should no longer apply to a modern population the word Celt, without hyphenating it with some modifying term. The French and the north Italians are Celto-Latins, but the Irish, Manx, Highland Scotch and Welsh are Celto-Picts or Celto-Iberians.

FRANKLIN H. GIDDINGS.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Der Ursprung des Zunftwesens und die älteren Handwerkerverbände des Mittelalters. Von Rudolf Eberstadt. Leipzig, Duncker und Humblot, 1900. — 201 pp.

This book is a *résumé* of the author's *Magisterium und Fraternitas*, which appeared in 1897, together with some additions and a reply to the critics. It is divided into five sections. The first opens with an account of the fraternities which arose in certain towns primarily for religious purposes, then gradually assumed secular functions and finally obtained *Zunftrecht.* Dr. Eberstadt argues that this was the case with the *Ziechenweber* of Cologne, whose charter of 1149 has figured so prominently in discussions of gild history. Certainly that would seem to be implied by the "*pia spe perhennis vite*" of the charter; and if so, it was but an early example of a process which in some countries — *e.g.*, in England — was afterwards very common. We next pass to the *Ämter* or *Officia*, in which Dr. Eberstadt finds the other germ of the later *Zunft.* Among the towns selected for special treatment, Strassburg naturally occupies an important position. Most of the crafts which appear in the *Stadtrecht* of *c.* 1129 were, beyond all controversy, "*herrschaftliche Ämter*"; and, as Dr. Eberstadt easily makes plain, there is no reason to suppose that the rest were anything else. The second section deals with the *Magisterium:* it is on this that our author prides himself most — naturally enough, if, as he believes, we have here an institution (*Rechtsinstitut*) which represents a distinct stage in the evolution of the *Zunft* and yet has hitherto escaped observation. The *officium* or *Amt* was, he believes, a purely mechanical grouping of craftsmen for the purpose of providing for the needs of the seigneurial household; the *magisterium* was an *officium* which had secured a separate tribunal of its own, presided over by a *magister* (not at first, nor in all cases later, elected by the craft), and which had begun to exercise certain powers of self-goverment. Dr. Eberstadt succeeds in making the situation pretty clear in such a city, for instance, as Paris; and there is reason to believe that much the same circumstances arose in other centres of population. If the reviewer might venture, without having read Dr. Eberstadt's earlier work, to express a certain doubt, it would be whether *magisterium* is just the best word to select to denominate this stage in industrial evolution. Dr. Eberstadt would do well to bring together a catena of instances of *magisterium* in the sense he assigns to it. The third section considers the *Zunftzwang* and urges that it was not of the essence of the *Zunft*, while the fourth sums up the author's conclusions.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

I must confess that Dr. Eberstadt does not succeed in conveying to me his opinion, if he has one, as to the relation of the *Fraternitas* to the *Magisterium*. Does he suppose that in some early cases they were both to be found attached to the same body of craftsmen, and that they coalesced to form the later *Zunft* — the one giving the spirit, the other the form? Or have we here to do with local differences?

Finally, in the fifth section, Dr. Eberstadt deals with his critics. The subject is such a tangled one, that I have not the least intention of joining in the fray; but it is evident that some of our author's younger assailants have been inadequately armed for the conflict. And it is time also to protest against the habit, which some critics have fallen into, of tacking on to their own condemnation or praise a set of elaborate references to the similar judgments of others. Most reviewing, even in Germany, is done hastily, and the names of the young men who thus flesh their virgin swords carry not a ha'porth of weight. Dr. Eberstadt may have been somewhat hasty in his formulations; some of his distinctions, such as that between "*Handwerkerverbände übertragenen Rechts*" and "*Handwerkerschaften eigenen Rechts*" — quite untranslatable in English — may be a little too sharp; but he is evidently master of a wide range of learning; his exegesis of particular documents is usually probable enough; and his book deserves to be treated with respect. We must look forward with interest to the further exposition and exemplification of his views; and when he gives them to us, I would suggest that he should omit any further reference to the critics and also furnish us with the exact words of the texts upon which he relies.

HARVARD UNIVERSITY. W. J. ASHLEY.

Famines in India. By ROMESH C. DUTT. London, Kegan Paul, Trench, Trübner & Co., 1900. — xx and 323 pp.

Most books on famines in India spring from a tangle of ideas — some wrong, some right. The three usual errors are a misconception of the nature of the assessment levied for revenue, a mistaken notion of the weight of taxation and a false opinion in regard to the association of taxation with famine. The first two errors are avoided in this book. The assessment paid directly to the state is called, not a rent, but a tax; for the British Rāj has never claimed to own the land and draw rent from it but, like the Hindu Rāj, to levy taxes for revenue. It is recognized that also, while Central India is overtaxed,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Northern India is taxed fairly. But the third false opinion is not merely admitted into this book: it is made the tent-pole of the whole erection, in the formula, "Famine is due to overtaxation." A third of the book consists of "Open Letters" to Lord Curzon, and the remaining two-thirds are made up of twenty-four appendices of statistics and speeches. The appendices repeat the letters to a great extent, as the letters repeat themselves and the preface. Pet phrases are repeated, such as "The interests of the land-revenue receive greater consideration than the well-being of the people." In other words, the book is hastily put together and would have been improved by sharp excision.

But Mr. Dutt had no intention of composing an artistic book, when he prepared the indictment condensed into the one bitter sentence cited above. None can read his volume without pity for the wretched husbandmen whose cause he pleads. Overtaxation and starvation, on the one hand, and, on the other, Lord Salisbury's "fatal objection to limiting land payments to fifty per cent on the rent, we cannot afford it," and "India must be bled" — these are the contrasts that provoke the "Open Letters." And, indeed, it is not pleasant for those who believe that England's rule is meant to be beneficial to India, to hear a Maharaja pleading before the Viceroy's Council that "Government should not draw from the landholders more than sixty per cent of the village income."[1]

Yet, sympathy is one thing and discrimination another. The protest against extortion is in place; but prefixed to this protest — and, in fact, making the chief argument of the "Open Letters" — is the fallacious theory that famine is caused by taxation. To understand the process of reasoning which leads to this result, it will be necessary to call attention to some well-known items of Indian financial polity.

All India is divided into three parts[2]: the North, where the taxation is fixed and just; the South, where taxation is not always fixed and not always just; and the Middle, where taxation is regularly

[1] Speech of the Maharaja of Dharbanga, March 28, 1900.

[2] There are no such financial or political divisions, but they may be made for the sake of clearness of view. The formal divisions are Bengal (Zemindar landlord, twenty per cent of gross produce as rent, permanent settlement), North West and Oudh (tax, eight per cent), Punjab (ten per cent), Madras (twelve to thirty-one per cent), Bombay (twenty to thirty-three per cent), Central Provinces (thirty-three per cent) — all having direct tax except Bengal and parts of Punjab and Madras; none having permanent settlement except Bengal, but thirty-years settlements obtaining in Punjab and Bombay.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

uncertain and often unjust. In the North, the cultivator's tax is a rent paid to a landlord, who in turn pays the government, or it is a direct tax to the state. The revenue drawn is from five to six per cent and from eight to ten per cent, according to the district; but where there is a landlord, the cultivator pays him twenty per cent of the gross produce. In the South the revenue is from twelve to twenty per cent; in Middle India, from twenty to thirty-three per cent (of the gross produce). The differences of tax-amount are increased by the fact that in the North the settlement of the rate of taxation either is fixed forever by the permanent settlement or is adjusted not oftener than once in a generation (thirty years); whereas in the South, and part of the Middle, there is no certainty in regard to future rates, and constant enhancement of taxes adds to the burden of taxation already much greater than is the rule of the North. To put the case in a nutshell, the Bengal peasant is not taxed by the government, but pays a fixed rent to the native landlord, and the maximum demanded of him is the minimum demanded of the Bombay peasant, who is taxed directly by the English government;[1] while — what is quite as great a grievance — the English tax is without elasticity and is pitilessly regular. Generally speaking, then, the lot of the peasant as regards taxation is hardest in the Bombay and Central Provinces. Now, as every one knows, the inhabitants of the Bombay and Central Provinces have suffered most from the late famine. *Ergo:* Famine comes from overtaxation.

Mr. Dutt does not deny, of course, that lack of rain is the primary cause of famine, as it exists to-day. But he argues in this way: Drought is one thing, famine is another. If the cultivators of 1896 (when the famine began) had not been overtaxed, they would have had enough to carry them through a dry season or two; but, as their resources had been exhausted by taxes, they had nothing and so starved. This starvation or famine is due, then, to overtaxation. Where the taxes were most severe, the famine was felt most severely. This line of argument is then applied to former famines; and from a survey of all the famines of the century is drawn the induction that famines have not been severe where taxes have been low, and

[1] In Bengal the peasant pays from one-sixth to one-fifth; in Bombay, from one-fifth to one-third of his grain; and one-third of the produce is the usual amount exacted of the peasant of the Central Provinces, where, though there are landlords, the landlords' rates are fixed from time to time by the government — that is, enhanced at irregular intervals.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

where settlements have either been permanent or have been made at long intervals; but where, and as soon as, taxes have risen and permanence has given place to uncertainty in regard to the amount of future assessments, famine has resulted in its worst form.

But there are certain considerations which refute this generalization. To take the famine of 1896: What is left of taxation as a factor, when it is remembered, in contrasting, for example, the condition of the Punjab and the Central Provinces, that the drought itself began earlier and was much more severe in the latter than in the former province; that the latter has no system of irrigation, while the superb water-ways of the Punjab are the best in India; that the Punjab is the district longest settled and is without wild tribes, while the distress in the Central Provinces was due largely to the fact that much of the land has been very lately settled by people only half-civilized? In the Punjab the well-trained peasants flocked to the relief-works without invitation; in many cases in the Central Provinces the half-savage inhabitants had to be hunted up before they would venture into the works. Yet not one of these items figures in Mr. Dutt's account! Why not admit, also, that the real cause of distress in Bombay in former times was that the native Mahrattas had sacked the country and prevented the sowing of crops? Mr. Dutt says that the "ravages caused by the Holkar" were a famine-factor, along with "mistakes made in revenue administration." The Holkar's devilries leave small margin for overtaxation theories to draw on. All was set right, as Mr. Dutt admits, in Northern India by the middle of the last century, but what happened in Bengal in 1874? A million people would have starved to death but for English charity and forethought. Can Mr. Dutt seriously argue that, because the government foresaw and armed itself against this famine so effectively that no lives were lost, therefore the rate of taxation did not cause a famine? In the great famine of Orissa thousands died because there was no way of transporting grain and because inundations slew them — yet "lack of permanent settlement" is given as the chief cause of the distress. Then there was a drought in 1876 in Northern India, where, according to the theory, no famine ought to have followed, because here the tax is reasonable. What happened? How did the greatly improved conditions of taxation affect the staying power of the people? There was a very severe famine, with an "excess mortality of 1,250,000." In a word, the history of famines shows that Mr. Dutt's contention that "famines have been more fatal in those places

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

where cultivators are least protected against overassessment" (p. 19) is true only when a heavy tax happens to coincide with much more important factors. Bengal is the most fertile part of India; the Central Provinces are little better than a desert at the best. The Punjab has irrigation; Bombay has none. These are the weightier reasons why drought produces more distress in Middle than in Northern India, though, of course, a heavy tax adds still more to it.

But reforms are needed. In the last sixty years an increase of sixty per cent has been made in the tax extorted from the Bombay farmer. Prices have not risen to correspond to this rise; yet the government continues its method of enhancement and demands a fifth to a third of all the produce. Mr. Dutt begs for seven reforms: (1) When rental comes through landlords, the State's demand to be limited to half the rental (this is the good old Saharanpur rule of 1854, which government now "cannot afford"); (2) direct taxes for revenue not to exceed twenty per cent of gross produce;[1] (3) no enhancement of tax except on the ground of increase of prices;[2] (4) resettlement of rate of taxation not oftener than once in thirty years; (5) extra cesses (besides land revenue) not to exceed six and a half per cent of gross produce;[3] (6) ten million rupees annually to be spent (not on military expeditions but) on irrigation works, and cultivators not to be forced to pay extra rent for water they do not use (as is the practice at present, on the score of beneficial percolation); (7) right of appeal from decision of settlement officers to civil courts.

The last request is an unfortunate addition. The other reforms are demanded by every consideration of justice and polity, and it may be hoped that Mr. Dutt will have the satisfaction of feeling that he has contributed to so desirable a result. One cannot but regret that the accusation against England is made so sweeping. The very statistics here given and the author's own admissions show that these reforms are needed, not for all India, but only for certain cases in certain districts. England has not made famines, but she has not done as much as she might have done to guard

[1] The Hindu kings took 16⅔ per cent as their highest tax; the Moghul took 33⅓. The English in Middle India take from 20 to 33⅓.

[2] At present, taxes are enhanced on the strength of a supposed improvement, such as a road opened near by, without any certain benefits derived from it.

[3] That is, the whole tax (with the revenue) not to be more than 26½ per cent of the produce.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

against them; and in the Bombay and Central Provinces she has heavily overtaxed the wretched peasants. Mercy for them, and the wisdom concealed in the fable of the golden egg, may well induce some of the changes here recommended.

WASHBURN HOPKINS.

YALE UNIVERSITY.

A History of British India. By SIR WILLIAM WILSON HUNTER. Vols. I and II. London, Longmans, Green & Co., 1899–1900. — 475, 419 pp.

The origin and development of England's vast empire in Asia form one of the most picturesque episodes in history, as well as one of the most far-reaching events in the progress of colonization and civilization. They afford matter for reflection, not only to the statesman, the military student and the ethical philosopher, but also, above all, to the economist and the sociologist. Sir William Wilson Hunter, who had prepared himself for this task by a long career as an administrative official, as well as by a profound study of these various aspects of the problem, has succeeded in writing a work which, although a torso, will long remain a model of its kind.

In his earlier works, more especially in the *Annals of Rural Bengal*, *Orissa*, the *Life of the Earl of Mayo* and the *Life of Bryan Houghton Hodgson*, as well as in a number of descriptive and statistical volumes on the Indian Empire as a whole and on its various districts, the author laid the foundations for this more comprehensive work, of which he lived to complete only two volumes. During his thirty-four years of investigation, he was engaged almost continuously in forming such conclusions as those presented in these instalments of a monumental work. Books which thus appeal at once to the scholar and to the general public are exceedingly rare. Sir William Hunter has not shunned the paraphernalia and accessories of erudition; every statement of fact is attested in the notes, and many of these notes are long and detailed. Yet the narrative flows on smoothly, and the style is so rarely attractive as to give the work peculiar interest and charm. As a literary masterpiece alone, it would deserve a long and eulogistic notice. We shall have to content ourselves with calling attention to a few points that are of special interest to the student of economic and social history.

In an opening chapter the author gives an admirable survey of the old trade routes to India, from the earliest times to the sixteenth century. This is followed by a study of the quest for India by water

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and an account of the struggle between Islam and Christendom for the mastery of the Indian seas. Never before have we had so clear, so concise and so entertaining a picture of the Portuguese policy in Asia. A lurid light is thrown on the causes of the sudden ascendency of the Portuguese and on their methods of colonial conquest. It was not long, however, before the Portuguese had to contend with the Turks, the Venetians and the Spaniards, and finally with the English. The story of England's attempts to reach India in the sixteenth century reads like a romance. To the student of commercial history, and of the history of enterprise in general, perhaps the most valuable chapters in the first volume are those on the constitution of the East India Company and on the system of "separate voyages."

When the London merchants met in 1599, they had before them three models of trade: the Portuguese royal system, the semi-state pattern of the Dutch and the English mixed method of armed private commerce — represented, as the author tells us, in its war aspects by Drake's buccaneering adventures and in its more peaceful developments by the Levant Company. Sir William Hunter goes into the details of the origin of the East India Company, showing that it stands as the perfect type of the regulated companies, which formed the intermediate link between the mediæval trade guilds and the modern commercial associations. The personal independence of the earlier regulated companies was transferred from the individual member to the group of subscribers for each voyage. Their liability was limited to their individual subscriptions, while the company, acting as a whole, could increase the amount of a separate subscription by a *pro rata* levy to meet the requirements of the voyage. The author points out that Adam Smith's account of the regulated company is biased by certain misconceptions and that this early form of limited liability and joint stock has never been examined from the actual records of a corporation; while he, for the first time, has studied the details of these separate voyages and has thus been able to shed great light upon the development of the corporate idea in England.

The remainder of the first volume treats of the struggle of the English to maintain themselves, first against the Portuguese and then against the Dutch; and the volume closes with a fascinating account of the events that led to the massacre at Amboyna in 1623, which definitely excluded England from all share in the Spice Islands.

The second volume deals with the struggle for, and the attainment

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of, commercial supremacy in the seventeenth century. We see how the fortunes of the Company and the commercial interests of England were entirely subordinated to political exigencies under James the First and Charles the First, and how the East India Company, driven off from the islands by the Dutch, made tentative settlements on the Madras and Bengal coasts, and progressed through the energy of its officials on the spot, almost in spite of the obstacles from home. In this connection it may be pointed out that what is only a side issue with the author is nevertheless of much importance to the historian of economics. Sir William Hunter has ransacked the libraries for contemporary literature. He not only goes fully into the works of Mun, Robinson, Roberts, Fortrey and Child, giving interesting accounts of the lives of those eminent writers, but he has unearthed a mass of contemporary pamphlets on the subject of trade and commerce, which he discusses with accuracy and good sense. The early literary controversy of an economic character in England turned, as is well known, largely upon this question of East Indian trade; and Sir William Hunter has laid economists under a deep obligation by the painstaking care that he has devoted to this aspect of the subject.

Another remarkable service rendered by the author consists in proving how much England of the present day owes to Cromwell. In a chapter on "The Company and the Commonwealth, 1649–1660," we have our attention called to a phase of English development which is entirely neglected by Morley, which is not put in its due proportion by Gardner and which is scarcely more than mentioned by Firth. As the author eloquently sums it up,

> Cromwell found the English in the East struggling, humiliated, in despair. He left them with their future assured. He was the first ruler of England who realised that the Indian trade was no private preserve of the sovereign and his nominees, but a concern of the nation, to be maintained by national diplomacy and defended by the national arms. . . . Under his charter the East India Company transformed itself from a feeble relic of the mediæval trade-guild into a vigorous forerunner of the modern Joint Stock Company. . . . Cromwell's sea-rivalry with Holland hardened and set into a national tradition which dominated the feeling of the English trading class for thirty years; and in the end led to the overthrow of the Dutch supremacy in Asia and to the establishment of our own.

In the chapter from which this passage is taken, the history of England is rewritten from a new and larger standpoint; and to economists in particular his account of the intertwining of politics and commerce affords a lesson which ought not to be forgotten.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The remaining chapters of the book run more hurriedly through the closing decades of the century. The chronological survey, beginning on page 177, gives an admirable account of the various stages of the economic characteristics of the Indian trade. The first stage includes the nine separate voyages up to 1612; the second covers the three joint stocks, with the interlude of a few more separate voyages, up to 1641; the third includes the transition period, which marked the confusion of the joint stocks and the particular voyages, and culminates in the permanent joint stock company of 1657. In addition to this clear picture of the economic transitions, we have an account of the fortunes of the Company in India itself, with the development of interloping and the struggles of the Company at home against its new rival. A final chapter, on the strife and the union of the Companies in 1708, Sir William Hunter did not live to complete. The materials had, however, been collected and the chapter was put into shape by Mr. P. E. Roberts, who is to complete the work in several more volumes.

The introduction to the first volume, which was written in 1898, in Tiflis, the capital of the Caucasus, the old-world meeting place of the East and West, closes with a passage of such signal importance to Americans that we cannot forbear to quote it entire:

> Not only a new force, but also a new nation has entered on the scene. The colonial empire of Spain has crumbled to pieces at a touch from the youngest of the great Christian peoples. America starts on her career of Asiatic rule with an amplitude of resources, and with a sense of moral responsibility which no previous state of Christendom brought to the work. Each Western nation, as we shall find, has stamped upon its Eastern history the European ethics of the age when its supremacy was won. In the splendid and difficult task which lies before our American kinsmen, they will be trammelled by no Portuguese Inquisition of the sixteenth century, nor by the slave colonization of Holland in the seventeenth, nor by that cynical rule for the gain of the rulers which for a time darkened the British acquisition of India in the eighteenth. The United States in the government of their dependencies will represent the political conscience of the nineteenth century. I hail their advent in the East as a new power for good, not alone for the island races who come under their care, but also in the great settlement of European spheres of influence in Asia which, if we could see aright, forms a world-problem of our day.

From an ordinary man these words would be little more than an evidence of good-will and of the ties of kinship; from so profound a student and so accomplished a statesman as Sir William Hunter,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

it will go far to dispel the doubts and to silence the misgivings of those who honestly, but mistakenly, oppose our present policy in the East. The *History of British India*, if it is read as it ought to be read, will prove a source of comfort and of inspiration, not only to the student of economic history, but to the American statesman and the American patriot in general. For, without knowing it, Sir William Hunter has given a brilliant and attractive setting to Friedrich List's great motto, "*Et la patrie et l'humanité.*"

EDWIN R. A. SELIGMAN.

Essays in Colonial Finance. By Members of the American Economic Association; Collected and edited by a Special Committee. (Publications of the American Economic Association.) New York, The Macmillan Company, 1900. — 303 pp.

At the eleventh annual meeting of the American Economic Association there was constituted a Committee on the Colonies. This committee, under the chairmanship of Professor Jenks, secured ten papers, each based on the investigation of its compiler, and each treating of the economic condition and fiscal constitution of a typical modern colonial establishment. These ten papers make up the staple of the present volume. Prefixed to these monographs stands the brief report of the committee, which summarizes, for the benefit of our government in its colonial ventures, the *haec fabula docet*'s of the several narratives.

The ten papers may be grouped thus: two analyze colonial fiascos, those of Spain and Italy; two treat of the experience of the smaller colonizing peoples, the Dutch and the Danes; two describe the colonial *Epigoni*, the French and the Germans; while the remaining four are devoted to various British colonies, African and insular.

In general, the papers give an account of the growth of the fiscal policy in each colony and explain the colony's political relation to the home country, the particular sources of colonial revenue, the items of expenditure, the character of the fiscal administration, the fixation of the budget and the net resultant of the arrangement, whether issuing in subvention, tribute or self-support. The sources of information are indicated in all the papers except that on the colonial policy of Spain.

The colonial experiments of other nations recounted in this volume are in great measure available for our guidance: "they are written for our admonition upon whom the ends of the world are come." Spain's colonial failure, for instance, was admittedly due to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

her persistence in the selfish policy of killing the hen that laid the golden egg — in exploiting the colonies for the exclusive advantage of the home country. The lesson deducible from Italy's failure is that a certain degree of economic maturity is a prerequisite to success in colonizing experiments. The experience of Holland and Denmark points the inevitable disadvantages under which a small colonizing power must eventually labor, be its system of administration never so skilful or enlightened. The Dutch colonial policy, especially in its handling of semi-civilized peoples, certainly compels admiration; though the mention of the war in Atjeh (Sumatra), which "began in 1873, and is still going on" (p. 79), is calculated to remind us of an unpleasant problem on our own hands. How completely centralized is the Dutch control over its colonial empire may be judged from the fact that in the colonies "there is absolutely no local autonomy, and there are no municipal fiscal systems" (p. 75), and also from the fact that "the expenditures for lighting the streets in Batavia and Macassar (Java) appear in the budget . . . debated and adopted by the Dutch Chambers" (p. 75). Until within a few years the Dutch colonial empire netted a surplus to Holland, but now for over two decades deficits have become the rule. The same unwelcome situation to-day confronts Denmark, whose possessions in the Antilles have become a financial drag.

The colonial establishments of France and Germany are creations of this generation, and their eventual outcome is as yet hardly predictable. The colonies of France are second only to those of Great Britain, in point both of population and territory; and more than two thirds of this vast domain have been acquired in the last twenty years. There are, as Professor Seligman in his paper shows, two divergent trends in the French colonial policy — one, best exemplified in Algiers, towards colonial autonomy and colonial representation in the French legislature; the other and later trend, in the direction of autocratic central control over the colonies. At the present time the French colonies are a drain upon the home treasury.

Mr. Loeb's discussion of the German colonial fiscal system is especially interesting, in that it points out that the acquisition of colonial dependencies by the German Empire raised a constitutional question somewhat akin to the constitutional issue precipitated by our expansion policy. The German Empire is a federal state with a written constitution, which when framed hardly contemplated the acquisition of colonial dependencies. These dependencies, however, instead of being brought into the federal union, have been subjected

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to the imperial power. Over them the Emperor exercises the general powers of government, and the Bundesrath and Reichstag enact the colonial budget. "The inhabitants of the colony have no voice in the determination of the source or the amount of revenue" (p. 55). Here also the maintenance of the colonies is a source of expense to the imperial treasury.

Of the four essays devoted to British colonies, those on Egypt and the colonies of South Africa, while valuable in themselves, are less instructive in the immediate present than the two essays that deal with British colonies in the West Indies and the Far East. Professor Jenks treats of the colonies in the Far East — the Straits Settlements, the Malay States, North Borneo, Ceylon and others — and recounts the various peculiarities of their fiscal systems. "In every case the system is one adapted to local needs and conditions, and no attempt is made to keep uniform the systems in the different colonies" (p. 302). And yet in all these colonies the policy of self-support is maintained, and the door of foreign trade is kept open to all nations alike. The finances of the British West Indies constitute Professor Hull's contribution to the volume. In the typical case of Jamaica Professor Hull explains how the depression of the cane sugar industry has occasioned a financial deficit, and how this in turn has created a political issue between Jamaica and the home government. The deficits in Jamaican revenue made the granting of financial assistance by the Imperial Government necessary. Such grants would seem to imply, as their corollary, some imperial control over Jamaican taxation and expenditure. The experiences of 1899 and the results of the election just held in Jamaica show that the island is not disposed to surrender its financial autonomy. "But one thing is certain; the policy of fiscal independence in the West Indies has broken down" (p. 188).

The editorial committee, in its brief report, contents itself with suggesting certain tentative principles applicable to the government of our new dependencies. From one standpoint — that of administration — these recommendations are uniformly excellent. Indeed, from whatever standpoint judged, the following recommendations are practically unexceptionable: there should be no exploitation of the colonies for the benefit of the home country; the colonies should be made self-supporting, but may be aided temporarily by government loans and by public works, such as railway and telegraph systems built and operated by the home government; octroi duties should be eschewed; the natives should be employed where

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

possible as colonial civil service officials; the customs of the natives should be shown a decent degree of tolerance; and a colonial civil service ought to be provided, at once honest and efficient. It is not yet certain that the remaining recommendations (to be specific, the second, the fifth, the sixth, the seventh, and perhaps the twelfth), however deserving of approval from an economic and financial standpoint, do not clash with certain provisions of the constitution of the United States. Take the fifth recommendation, for instance: "The selection of sources of revenue must in each case be determined in accordance with the economic and social conditions of the colony." In the domain of pure finance this precept is the beginning of wisdom. For the lack of such common sense, the European bureaucrat, described by the vivacious Mr. Poultney Bigelow, attempts to subject the colonial savage, whose only clothing is a clout cloth and whose only food is the cocoa-nut, to an income tax! But it is at least open to question whether Congress can devise for our colonies a special customs tariff without traversing the constitutional provision that "all duties, imposts and excises shall be uniform throughout the United States." If the report of the committee is open to criticism, it is right here, that it embodies in its recommendations provisions which possibly are irreconcilable with the supreme law of the land. Indeed, the committee itself, in its seventh recommendation, where it suggests the possible imposition of a tax on colonial exports, betrays the uneasy consciousness that this financial expedient may be unconstitutional. And yet, if the constitutional provision that "no tax or duty shall be laid on articles exported from any state" would preclude a duty on colonial exports, the clause cited above, requiring uniformity in duties, imposts and excises, would seemingly militate against fully half of the committee's specific recommendations. Exactly how elastic the constitution will prove, to accommodate us in our colonial ventures, it is impossible to tell until the supreme court has decided the pending Puerto Rican cases. But the dilemma in which we stand as a nation is an uncomfortable one. Either we must formally amend the constitution; or, failing that, we must conform to its letter and undertake the colonizing business with our hands tied; or else by judicial interpretation, following upon congressional legislation, we must nullify the sections which would impede us in our colonial policy.

W. M. DANIELS.

PRINCETON UNIVERSITY.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Clearing Houses: their History, Methods and Administration. By JAMES G. CANNON. New York, D. Appleton & Co., 1900. — xiv, 383 pp.

Much scattered and inaccessible information has been gathered here into an interesting and useful book. In it we have, as indicated by the title, an account of the origin and development of the clearing house, and also a description of clearing-house technique. But a third purpose seems to have been in the author's mind — the purpose, that is, to offer a plea for the use of these institutions as organs, less perhaps of coöperation in the strict sense, than of joint endeavor among banks to increase their several profits.

The argument is that clearing houses should not be restricted to the operation of set-off and of settling only for differences in cash. Rather should the association of banks for the enormous economics of labor and money thus to be achieved be exploited for united action in other directions. Establishment of uniform charges for check collections, regulation of rates of domestic exchange, the fixing of the rate of interest allowed on deposits, the custody of gold and currency and the issue of receipts against them and the pooling of reserves, with the mutual forbearance and common resistance to financial stress involved in the resort to clearing-house loan certificates — all these measures Mr. Cannon approves. With such enlargement of function few will find fault, especially when the brief in its favor is supported by examples of successful experiment along each of these lines.

The methods of clearing and the derivative activities of the clearing house associations in the more important cities of the United States and Canada are explained with minuteness and care. The text is illustrated with many facsimiles of the documents with which various transactions are evidenced, and the different regulations are criticised with the insight and judgment of a practical bank officer whose own part in recent developments has not been of the least. Upon questions of foreign practice, however, the grasp is not so sure. The discussion of the London clearing house is distinctly sceptical regarding the problems confronting the London banks and their success in working them out. Upon the material for English country clearing the author has made no draft. Of Scotch or Austrian practice there is no notice. Nor is there reference to the German adaptation of the clearing system or of the *Giro Verkehr* of the Reichsbank, although the latter supplies an admirable substitute for the troublesome country check and serves to set off against each

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

other, and in the books of the one bank, a great variety of transactions between different districts and towns.

The account of the development of clearing houses in the United States is marked by richness of excerpt from association records, some not previously published and many not easily reached. The chapters on clearing-house loan certificates are particularly full and exact. Were criticism to be offered on the historical part of the book, it would turn upon the meagreness of the setting, in point of commercial and economic detail, for the facts which the author recites. At one stage, for example, there was a pretty chance partly to explain a sudden increase in clearings by depreciation of greenbacks; at another, by the outburst of speculation attending a commercial revival. And again, the commanding position of New York with respect to the volume of clearings might have been traced to its causes, or a few comparisons ventured between the present clearing of checks and the *ante-bellum* clearing of notes. But illuminating digressions of this sort are rare and there is no bibliography.

R. M. Breckenridge.

New York.

America's Working People. By Charles B. Spahr. New York, London and Bombay, Longmans, Green & Co., 1900. — viii, 261 pp.

This is a book that should be in the library of every American citizen and read, in parts at least, by every American schoolboy. Thoroughly admirable in candor and spirit, calm in tone and too searching for the superficial optimist, it is full of human interest and an inspiration to those who share the author's abiding faith in American character and institutions.

The book is composed of articles originally contributed to the *Outlook*, of which Dr. Spahr is an editor. They record a traveler's journey, rather than a scientist's research. But in this case the traveler is a scholar and a thinker who knows what to look for, without turning himself into a psychological laboratory for the purpose of arriving at the workingman's point of view. He takes us first to New Bedford and there shows us the life of the operatives in "The Old Factory Towns of New England." Hours of labor, sanitary conditions, the fining system, longevity of the workers, company houses, cost of living, the unemployed, immigration — all these problems of our modern industry are set forth in fresh, sparkling

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

paragraphs. Dr. Spahr's conclusion is that, by reason of the public schools and the public libraries,

> the growth of a laboring caste is impossible. . . . The quality of our citizenship is not lowered by immigration with anything like the rapidity which the sight of the new arrivals would seem to promise. The ideals, the opportunities, the responsibilities of our democracy change the immigrants into a new order of men. Whatever the Old World may say about the superiority of administration secured by its method of class rule, the advantage is not to be compared with the superiority of common manhood secured by the American method of mass rule. The power of our democracy to transform hands into men awakens new faith in American institutions [p. 28].

In Chapter II, Dr. Spahr studies with equal keenness "The New Factory Towns in the South," concerning which much less is known here in the North. He then goes into the backwoods of Arkansas to observe rural life in "A Primitive Community." The negro claims two chapters, the first treating "The Negro as an Industrial Factor" and the second "The Negro as Citizen." "The Coal Miners of Pennsylvania" are the subject of a very informative chapter, in which he contrasts the slow Americanizing process among the Hungarian and Italian miners with the more rapid process in New England. To prepare the chapter on "The Iron Centers" he visited Homestead and Chicago and, as usual, interviewed workmen, employees and merchants to ascertain all sides to disputed questions. The virtues and faults of labor organizations are most judicially and succinctly set forth in a comparatively short chapter on "The Trades-Union Movement in Chicago"; and the book concludes with a discussion of American agriculture, in the two chapters entitled "The Mormons" and "The Northern Farm." All of this matter is something fresh and new, when compared with the inexhaustible discussion of the tenement-house problem in our great cities.

Dr. Spahr, like all men save the rare scientist, has certain prepossessions and prejudices. He is from head to foot a commoner, a lover of the common people, and he believes heartily in the old American gospel of individualism. But, like many another good individualist, when he sees equality of opportunity vanishing before the influence of aggregated wealth, he is ready to throw away logic and uphold legislative interference. Abhorring socialism as a dogma, such men nevertheless embrace socialistic methods of government for the preservation of equality of opportunity. But Dr. Spahr is as fair and impartial a writer as one often encounters. In his chapter on trade unionism, for example, it is difficult to find a statement to which either

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

employer or employee could take exception; and on few subjects do their ideas more frequently conflict than on the subject of unionism.

It is because of the display of such conspicuous impartiality in most parts of the book that one regrets the more deeply the vehemence of Dr. Spahr's attack upon official statistics. Thus, on page 24 he says:

> When I began to write this article, I was interested to see what the last census said about wages in Massachusetts cotton factories. I knew before that this census exaggerated wages, but I was a little taken aback when I found the statement that between 1880 and 1890 average wages in these factories had advanced over thirty per cent. On reference to the admirable articles on factory life at Fall River published in the *American Wool and Cotton Reporter* last July, I found that the fall in wages in the last twenty years was there estimated at fifty per cent. The statements made to the investigator for this manufacturers' journal were in entire accord with the statements made to me, or pictured even greater losses. As between the first-hand testimony of men who have spent their lives in making cotton, and the official statistics of a partisan census, there was no question which to trust.

A little more careful investigation might have saved the author from making this serious charge against statisticians of integrity; for, as a matter of fact, there is nothing contradictory in the two statements. He would have found that the average wage reported in the census of 1880 was considerably below that recorded in 1870. These two censuses confirm the decline mentioned by the trade journal. But the period of this decline was not continuous for twenty years; it ended before 1885, from which year wages steadily increased until 1893, when they once more declined. The average wage reported in the census of 1890 for the cotton industry was $345,[1] and this may be accepted as approximately correct; the reports of the Massachusetts Bureau of Labor Statistics for the two following years give $344 and $345 as the average wage in the cotton industry.[2]

A. F. WEBER.

NEW YORK STATE DEPARTMENT OF LABOR.

The Social Philosophy of Rodbertus. By E. C. K. GONNER, M.A., Brunner Professor of Economic Science at University College, Liverpool. London, Macmillan & Co., 1899. — 209 pp.

Besides an account of Rodbertus's characteristics and his relation to other socialists, this work contains a condensed and systematized

[1] Census of 1890, Manufactures, III, 186, 207.

[2] Annual Statistics of Manufactures, 1892.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

statement of his doctrines. The statement is given in the words of Professor Gonner, so that the reader is conscious of getting the teachings of Rodbertus at second hand; but the abstract thus given is so full, candid and accurate that it is of very great value for the student of socialistic theories.

It brings first into the foreground the general philosophy, rather than the detailed economic teachings, of this eminent early socialist. It tells what he had to say about the nature of society, the periods in its growth, the typical antique state, the modern state, the state of the future, *etc.* In a second part it analyzes the economic system of Rodbertus; and here the reader will find that little space is devoted to his theory of commercial crises, and more to general economic concepts and the theory of distribution. In a third part the work presents Rodbertus's view of the state as an economic organism and his argument in favor of a complete, though remote, socialistic form of organization. In the absence of translations of the works of Rodbertus, this work is perhaps the most available source of information concerning them for the use of general students.

JOHN B. CLARK.

The Theory of the Leisure Class. An Economic Study in the Evolution of Institutions. By THORSTEIN VEBLEN. New York, The Macmillan Company, 1899. — vi, 400 pp.

"The emergence of a leisure class," says Professor Veblen, "coincides with the beginning of ownership." As industrial activity displaces predatory activity, "accumulated property more and more replaces trophies of predatory exploit as the conventional exponent of prepotence and success." Later, "the possession of wealth, which was at the outset valued simply as an evidence of efficiency, becomes, in popular apprehension, itself a meritorious act." Then, as "esteem is awarded only on evidence," abstention from labor "comes to be a requisite of decency." And so it happens that "in itself and in its consequences the life of leisure is beautiful and ennobling in all civilized men's eyes."

The term "leisure," according to the author's usage, "connotes non-productive consumption of time"; and the leisure class, (1) "from a sense of the unworthiness of productive work, and (2) as an evidence of pecuniary ability to afford a life of idleness," devotes itself to such accomplishments as "do not conduce directly to the furtherance of human life."

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

So, for instance, in our time there is the knowledge of the dead languages and the occult sciences ; of correct spelling ; of syntax and prosody ; of the various forms of domestic music and other household art ; of the latest proprieties of dress, furniture and equipage ; of games, sports and fancy-bred animals —

all of which commend themselves to the leisure class as "serviceable evidence of an unproductive expenditure of time."

The conspicuous consumption of valuable goods is an approved method by which the gentleman of leisure may put his opulence in evidence, but here he is obliged to exercise much ingenuity. After expanding his personal expenditures as far as possible, he imposes upon his wife the "duties of vicarious leisure and consumption" and finds guests to consume vicariously for him. The principle of conspicuous, honorific waste forms his canons of beauty, until "the cheap coat makes the cheap man" and costliness is a full equivalent for beauty ; it leads him to foster sports, as satisfying the requirements of substantial futility, together with a colorable pretense of purpose ; it shapes his educational ideals, so that he causes his children to spend years in getting "substantially useless information" ; it even turns his religion mainly into a "devout consumption of goods and services," which means "a lowering of the vitality of the community."

All this is, of course, a study of motives ; and the author's main thesis is that the motive of ownership is emulation — that wealth, as a proof of the owner's prepotence, is purely an invidious distinction. Though he admits that there are non-invidious motives, and one in particular — the "instinct of workmanship" — which is often opposed to the motive of conspicuous consumption ; and although he concedes that the latter is in many cases not directly in the consumer's mind, but is only indirectly present, in the desire of that individual to conform to the standard of living in his class, still he contends (pp. 110, 351) that the dominant canons of conduct are "the principles of waste, futility and ferocity." "Waste" he defines as that expenditure which "does not serve human life or human well-being on the whole" ; and the test of all expenditure, he asserts, is "the question whether it serves directly to enhance human life."

Obviously, in judging so radical a thesis, based only on personal interpretation of facts of everyday life, readers will easily find reasons for dissenting from parts, or even all, of the doctrine. Some such reasons are : The author's failure to make clear the limits of the leisure class, his questionable estimates of the force and value of

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

various motives and, perhaps most of all, his neglect to explain why his, rather than another's, "dispassionate common sense" should decide for us whether a given expenditure results in a "net gain in comfort or in the fulness of life."

Better worthy of discussion, from some points of view, is Professor Veblen's thesis that the leisure class, preserving traditions because of its sheltered position, not only lowers efficiency but retards functional adaptation — as witness our apologetic defense of "institutions handed down from a barbarian phase of life" and the "reluctant tolerance" in the universities of new views of human relations. In particular, our author points out that

> the relation of the leisure (that is, propertied, non-industrial) class to the economic process is a pecuniary relation — a relation of acquisition, not of production; of exploitation, not of serviceability.

Living by, rather than in, the industrial process, in a parasitic way, this class gives to the growth of economic institutions a bent of considerable industrial importance. It

> hinders cultural development immediately (1) by the inertia proper to the class itself, and (2) through its prescriptive example of conspicuous waste and of conservatism, and (3) indirectly through that system of unequal distribution of wealth and sustenance on which the institution itself rests.

Furthermore, "the accumulation of wealth at the upper end of the pecuniary scale" not only "involves privation at the lower end," but also, as an essential factor in the process of exploitation, the conservation of the barbarian temperament, with the substitution of fraud for force. "The interest of the community no longer coincides with the emulative interests of the individual"; only "within narrow limits, and then only in a Pickwickian sense," is honesty the best policy; "freedom from scruple, from sympathy, honesty and regard for life" further the success of the individual; the captain of industry is "an astute man rather than an ingenious one." Thus — albeit with some counter-tendencies which cannot be developed in a brief exposition — the dominance of leisure class ideals leads to the prevalence of predatory practices.

Here again we have to note that everyday facts are interpreted from the point of view of a single individual. Few will agree with the author's analysis of the facts, and many will dissent vigorously from his conclusion as to the tendencies of the competitive régime. Just at this point, moreover, a careful reader will realize the defect in method involved in the subtitle, "An Economic Study of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Evolution of Institutions," and in the sweeping statement that "the collective interests of any modern community center in industrial efficiency." Any such attempt to gauge the functions of a social institution by its results upon economic welfare alone must be unsuccessful or un-"economic." Even though the given institution were as harmful, in its effects on industrial efficiency, as the author alleges, it might yet be a most useful social agent.

Attention should, furthermore, be directed to the keenness of much of the analysis, to the masterful way in which the author has presented his case and to the humor with which he has illumined his exposition—as in his discussion of conventions of dress, of the vicarious life of women, of "costliness masquerading under the name of beauty," of our exaltation of the defective in book-making and of our standards of taste in general. Some of his phrases are admirable, as when he says that, by shrewd mimicry and systematic drill, "a syncopated evolution of gentle birth and breeding is achieved." In some cases, however, it is to be regretted that his love of phrase has led him into that wasteful use of "archaic idiom" which he derides and even into the gratuitous making of enemies. Thus, he speaks of the lawyer as having "no taint of usefulness," of the scholar as spending more than others in conspicuous waste, of "clergymen and other pillars of society," of the devout as "low in economic efficiency, or in intelligence, or both." Yet every one of these and other similar phrases has its sting because it conveys an unpleasantly large amount of truth. And of the book it may honestly be said that practically every page forces the reader to consider anew, while smarting under a phrase, the real value of some cherished habit or ideal, and once more to remember that, as the author insists, rationality is of supreme importance in modern society. Professor Veblen has not presented *the* theory of the leisure class, but a *part* of *one* theory; and his success in stimulating the reader, at least, is beyond dispute.

A. M. Day.

Columbia University.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

RECORD OF POLITICAL EVENTS.

[From November 10, 1900, to May 10, 1901.]

I. THE UNITED STATES.

FOREIGN RELATIONS. — In this category **the question of the isthmian canal** occupies the most prominent place. A preliminary report of the Canal Commission, submitted to the President November 28, advocated the choice of the Nicaragua route. Three days later, protocols of agreements were concluded with Nicaragua and Costa Rica, looking to future negotiations on the subject of the canal and pledging these countries to an acceptance of the Hay-Pauncefote convention (*cf.* RECORD for June, 1900, p. 356). This convention the Senate ratified, December 20, by a vote of 55 to 18, but only after adopting the following amendments: (1) specifically declaring the Clayton-Bulwer treaty to be superseded; (2) permitting the United States to defend the canal in any way, except by fortifications; and (3) striking out the article that involved the adherence of other Powers to its terms. These amendments Great Britain in turn rejected, March 11, on the ground that the Clayton-Bulwer treaty ought not to be abrogated or modified except by previous consent of both parties interested and that the other amendments violated the principle of neutralization to which both Great Britain and the United States had hitherto committed themselves. — Early in February a **tariff dispute with Russia** developed, as the result of a decision of the secretary of the treasury that Russian sugar was bounty fed and must therefore pay an additional duty when imported into the United States. The Russian government retaliated forthwith by imposing a discriminating duty upon certain American manufactures, especially of iron and steel. There the matter stands. — Some friction with Venezuela during the winter had for its basis the alleged concessionary rights enjoyed by two American trading companies in certain deposits of asphalt. — On January 23 an extradition treaty with Peru was finally concluded, and amendments to the existent conventions on this subject with Great Britain, Chile and Peru were ratified by the Senate. That body also approved, January 22, the agreement with Spain for the purchase of two islands in the Philippine archipelago. — For the share of the United States in the negotiations with China, see **The Chinese Situation**, p. 388.

THE DEPENDENCIES. — **The break-up of the insurrection in the Philippines** has become increasingly manifest throughout the period under review. While the American troops still encounter roving bands of insurgents in Luzon, Samar; Panay and elsewhere, organized resistance has

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

totally disappeared. The news of Republican success in the presidential elections and the action of Congress in augmenting the army (see below) seem to have promoted the tendency on the part of the insurgents to give up the struggle. Thousands of insurgents and their sympathizers voluntarily surrendered and subscribed an oath of allegiance to the United States. Late in March Aguinaldo was captured by a stratagem. Not long afterward he agreed to acknowledge American authority and issued a manifesto urging his countrymen to imitate his example. The most effective native agency, however, in obtaining submission to American rule, was the work of the so-called Federal party, organized in December and consisting chiefly of former insurgents. — **The Philippines Commission** has been busied with the task of introducing adaptations of civil government into provinces and municipal centres, as bases on which to erect the forthcoming insular administration. An elaborate code, published January 31, created a form of government for municipalities, other than Manila and mere tribal settlements. It provided also for an electoral system, in which the qualifications for the suffrage were the holding of property, the payment of certain taxes, or a working knowledge of English or Spanish. It replaced poll and occupation taxes by a general tax on land. Absolute disfranchisement, however, was made the penalty for persistence in rebellion after a fixed date. Still another code dealt with the government of provinces. There the officials are to consist of a governor, elected by the municipalities, subject to the approval of the Commission, and a secretary, a treasurer, a supervisor or commissioner of public works, and a fiscal or public prosecutor, all of whom will be appointed by the Commission. In order to render these arrangements efficacious, early in February the Commission started to travel from one point to another in the archipelago, instituting civil governments fitted to the circumstances of the localities. Next in importance to the questions of administrative reorganization have been the financial problems dealt with by the Commission. For the purpose of maintaining the ratio of Mexican silver dollars, the chief currency in the Philippines, with American gold, the Commission in November levied a tax of ten per cent on all exportations of silver coin, and decreed that the banks should accept deposits in either gold or silver and pay checks in the kind of money that had been deposited. Other measures of importance, projected or sanctioned by the Commission, regulate the sale of liquors in Manila, provide for codes of civil and criminal law, and establish a system of public schools, from which religious instruction will be excluded. — President McKinley, in his message to Congress, December 3, recommended legislation that would give to the Philippines the "benefits of liberty and government," with the ultimate design of building up a "self-supporting and self-administering community." No **action of Congress** ensued, however, until after the President had dispatched a special message, January 25. The message declared that, since the insurrection was rapidly approaching collapse, powers greater

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than those the President now exercised in his military capacity should be granted him for promoting the economic development of the archipelago. Thereupon, a rider was attached to the army appropriation bill, providing that, until Congress should otherwise arrange, all civil as well as military powers necessary for governing the Philippines should be vested in the President. As it was known that the President would intrust the exercise of these powers to the existing Commission, a further provision forbade the alienation of public lands or of timber and mining rights, and required that every grant of a franchise must receive the approval of the President. In spite of the vehement denunciation of this rider, as setting up an "undiluted, unchecked despotism," Congress sanctioned the measure, March 1. — **The constitutional convention in Cuba** assembled in November and finally adopted a constitution, February 21. The two leading points at issue among the delegates during the deliberations of the convention were: (1) whether the basis of the political structure should be federal, through the elevation of the provinces to the dignity of states, or unitary, through the retention of the provinces as so many administrative departments; (2) the manner of choosing the president, with special reference to the eligibility of foreigners like General Gomez. Broadly speaking, the constitution of Cuba is a *replica* of the constitution of the United States, with the proper adaptations to Latin-American circumstances. The chief organs of executive, legislative and judicial power closely follow those of the United States in constitution, functions and even names. Cuban nativity or service in the war of liberation is prescribed as qualification for the presidency and the term is four years. Four senators of Cuban birth from each of the six provinces or departments, chosen by electoral colleges of a special character, will constitute the Senate. The House of Representatives is to consist of one delegate elected by direct vote for every 25,000 of the population. A supreme court, the members of which are appointed by the President, will exercise judicial authority in the commonwealth. In addition to ascertaining in considerable detail the powers of the several organs of the general government and the compass of individual liberties, the constitution further provides for a system of local government and similarly defines its sphere of activity. Each province or department is to have a governor and an assembly elected by popular vote, and each municipality its elective mayor and council. Finally, the constitution repudiates all liability on the part of Cuba for debts contracted prior to its promulgation of the constitution, except such as were incurred for legitimate expenses during the recent war. — The order of President McKinley summoning the constitutional convention prescribed as one of its duties the determination of the prospective **relations between Cuba and the United States** (see last RECORD, p. 746). This part of its task, however, the Convention saw fit to disregard, with some manifestations of irritation and distrust toward the United States. Accordingly, the President intimated that he

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

might summon a special session of Congress to examine the new constitution and itself to fix the relations desired. In order to obviate the necessity of this special session, a section embodying the judgment of Congress as to the adjustment to be made was appended to the army appropriation bill. Its several propositions were as follows: (1) that there should be no acquisition of territory or control in Cuba by a foreign power; (2) that land should be granted to the United States for naval stations; (3) that no debt should be contracted that could not be defrayed out of the ordinary revenues; and (4) that the United States should be authorized to intervene by force to maintain the independence of Cuba and the integrity of its government. The resolution also called for a ratification of the acts of the United States performed during the military occupation of the island and a continuance of the sanitary improvements; for a cession of the adjacent Isle of Pines; and, lastly, for an embodiment of all the preceding stipulations in a formal treaty with the United States. These proposals met with much opposition in Cuba, on the ground that a grant of naval stations or portions of territory would vitiate that very independence which the United States professed a wish to preserve, whereas the other matters at issue had already received treatment in the constitution or could be adjusted by future negotiations. Finally, April 13, the convention sent to Washington a committee to discuss the terms with President McKinley. — **A decision of the Supreme Court** (Neely *v.* Henkel, January 14) had a marked influence upon the above-mentioned action of Congress. Affirming the constitutionality of the law enacted by Congress, June 6, 1900, which provided for the extradition to Cuba of fugitives from justice (see last RECORD, p. 746), the court declared that Cuba was a foreign country, although the United States had found it necessary to hold the island under a military régime in trust for the Cuban people until they could set up a government for themselves. But the court held also that neither the resolutions of Congress acknowledging Cuban independence nor the subsequent war with Spain committed the United States to the recognition of any particular government in Cuba, before absolute pacification should have been attained. — Among the administrative acts in Cuba that deserve a passing allusion are those which abolished the export duty upon tobacco, removed certain defects in the Spanish law relative to the evasion of taxes through technicalities, substituted appointment for election in the institution of correctional judges and introduced a number of alterations in the financial system, by enlarging the authority of the military governor and imparting to the auditing department more of a civil character. — The inauguration of **civil government in Porto Rico** occurred December 3. In his message to the legislature Governor Allen recommended a methodical organization of government, with particular reference to local conditions. Thirty-six measures embodying the gist of the recommendations were enacted into law. Of these the following deserve notice: the establishment of trial by jury, a system of public schools supported by the municipalities, provision for boards of charities

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and corrections, and a new system of taxation. The last measure abolished a number of cumbrous indirect taxes and established a direct and regular taxation of property and inheritances, together with a series of excises. The effect will be to shift the burden of taxation from the class of consumers to the planters and other property-holders. There was a strong popular demand on the island for measures of relief for the agricultural class, such as postponement of the foreclosure of mortgages, remittance of arrears of taxes and the loan of public money to the farmers, and the House of Delegates passed a bill authorizing the government to borrow $3,000,000 for the purpose last named. On the ground that such a proceeding would jeopardize public credit, while it would not really benefit the class concerned, the executive council declined to approve it. — Racial rather than party supremacy, involving at the same time a latent dislike for American rule, appears to be the keynote of the political **conditions in Hawaii**. This was shown by the triumph of the native independent party, in securing the election of its candidate as delegate to Congress and in the acquisition of a working plurality in both houses of the legislature. The insistence of the members of this party upon using the Hawaiian language and the play of factional rivalry in the legislature have thus far blocked the passage of any valuable laws.

INTERNAL ADMINISTRATION. — In **the inaugural address** at the opening of his second term as President, Mr. McKinley dwelt upon the material prosperity of the country, and urged the enlargement of the foreign market by judicious treaties of reciprocity. At the same time, he uttered a warning against any inclination to extravagance which the consciousness of such prosperity might encourage. In reference to the subject of territorial expansion, he asserted his confidence in the ability of the American people to attain a wise solution of impending problems. "Our institutions," said the President, "will not deteriorate by extension, and our sense of justice will not abate under tropic suns in distant seas." He emphasized the duty of the United States to insure to Cuba its independence and the construction of a stable and efficient government, the fundamental law of which should conform "to the established and historical policy of the United States" in its relation to that island. As to the Philippines, Mr. McKinley declared that the "destiny of the loyal millions in the islands" should not be left to the disloyal "thousands who are in rebellion against the United States." However, the "settled purpose, long ago proclaimed, to afford the inhabitants of the islands self-government as soon as they were ready for it, will be pursued with earnestness and fidelity." — With the approbation of the Senate, the members of the Cabinet as it stood at the close of President McKinley's first term were reappointed, as follows: John Hay of the District of Columbia, Secretary of State; Lyman J. Gage of Illinois, Secretary of the Treasury; Elihu Root of New York, Secretary of War; John D. Long of Massachusetts, Secretary of the Navy; Ethan A. Hitchcock of Missouri, Secretary of the Interior; James Wilson of Iowa, Secretary

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of Agriculture; John W. Griggs of New Jersey, Attorney-General; and Charles E. Smith of Pennsylvania, Postmaster-General. Mr. Griggs soon resigned on account of private business, and Philander C. Knox of Pennsylvania took his place as Attorney-General. The diplomatic appointments were those of Robert S. McCormick, of Illinois, as minister to Austria-Hungary, *vice* Addison C. Harris, of Indiana, resigned; John G. A. Leishman, of Pennsylvania, transferred from Switzerland to Turkey; Arthur S. Hardy, of New Hampshire, transferred from Greece to Switzerland; and Charles S. Francis, of New York, as minister to Greece, Roumania and Servia.

CONGRESS. — The short session of the Fifty-sixth Congress began December 3. The annual **message** recommended that the number of men in the army be fixed at 60,000, with a discretionary power vested in the President to increase this force to 100,000, as circumstances, particularly in the Philippines, might demand, and also that provision be made for an enlargement of the navy, the formation of a naval reserve and a revival of the office of vice-admiral. Since the immediate exigencies arising out of the war with Spain had disappeared, Congress was urged to reduce radically the annual revenues from internal taxation. At the same time, the President iterated the suggestion of a previous message for the adoption of measures to promote the merchant marine and advocated a reapportionment of membership in the House of Representatives on the basis of the recent census. — The projects that occupied the chief attention of Congress were those relating to the army and to the reduction of internal taxation. The bill for the **reorganization of the army**, passed by the Senate at its preceding session (see RECORD for June, 1900, p. 364), had undergone so much amendment that when approved by the House of Representatives, December 6, it was practically new. It provided that the army should have an approximate maximum strength of 100,000 men, including 12,000 native Filipinos to be enlisted by the President at his discretion; that the artillery should be organized as a corps; that in the various departments of the staff the position of chief should be retained permanently by the existing incumbents, while the subordinate positions should be filled for limited terms by officers of the line, chosen by competitive examination. The bill also empowered the President to transfer volunteer officers to various grades in the regular army. Finally, in deference to an active temperance sentiment throughout the country, it abolished the canteen. To these propositions the Senate offered a number of amendments, providing for a maintenance of the existing regimental organization of the artillery, a diminution in the number of staff appointments and a lowering in the grade of officers eligible to them, and forbidding the permanent tenure of any such positions. After a conference, however, it acceded practically to the measure of the House, and the bill became law, January 31. — The act for the **reduction of the war taxes** was passed February 28, and affected beer, cigars, documentary and check stamps, proprietary articles, legacies, *etc.*, to the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

extent of $40,000,000. On the whole, the plan of the House called for a reduction in revenue by the removal of certain taxes outright, while that of the Senate contemplated rather a general and discriminating reduction which, while it lessened the revenue, would have retained the inconveniences of the existing taxes. At length the House decided to concede a demand of the Senate for a special reduction in the tax upon manufactured tobacco and snuff, whereupon the Senate yielded to the House in substantially all other respects. — In dealing with the reapportionment of Representatives, Congress ignored alike pleas for retaining the present number of members in the House and for lowering the representation of states that have denied the suffrage to negroes or that have fallen off in population. On January 11, it enacted into law a bill providing for an **increase in the membership of the House** to 386, and prescribed that the districts electing the Representatives to Congress should be compact and contiguous.

THE FEDERAL JUDICIARY. — The following acts of legislatures were held by the Supreme Court to lie within the police power of a commonwealth; that of Tennessee, prohibiting the sale of cigarettes (Austin *v.* State of Tennessee, November 19); that of Texas, enacting certain quarantine regulations (Smith *v.* St. Louis and Southwestern Railroad Company, April 22); and that of Ohio, levying a tax on the business of selling liquor (Reymann Brewing Company *v.* Brister, December 17). In the opinion of the court, however, the provision of the Federal Constitution against impairing the obligation of contracts had been violated by an amendment to the constitution of Minnesota which authorized the alteration or repeal of a statute exempting a railroad company from all taxes on the payment of a percentage on its gross earnings, but, while continuing the obligation as to the payment of this percentage, had "refused to the company any portion of the exemption" (Stearns *v.* State of Minnesota, December 3). A statute of Missouri, making a system of registration applicable only to cities of a certain population, and one of Georgia, imposing a license tax upon persons engaged in the business of emigrant agents hiring laborers to work outside the state, but not upon persons similarly engaged in hiring laborers to work within the state, do not deny the equal protection of the laws (Mason *v.* State of Missouri and Williams *v.* Fears, December 10). The decision last quoted also states that, if the imposition of the license tax leaves the laborers free to make their contracts, it does not abridge the privileges and immunities of citizens. Furthermore, the court held that no infringement of due process of law had been committed by a judicial decision compelling railroad companies to furnish track connections (Railroad Company *v.* Jacobson, December 10); by the article of a state constitution that authorizes prosecution by information (Davis *v.* Burke, December 17); or by a judicial decree voiding the charter of a corporation, because of the illegality of its purpose (New Orleans Debenture Redemption Company *v.* State of Louisiana, February 25).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

STATE LEGISLATION. — Resolutions for **constitutional amendments** were passed by the legislatures: in Texas, confining the enjoyment of suffrage to payers of poll taxes; in New York, forbidding the legislature to pass a special act exempting property from taxation; in Colorado, providing an educational qualification for voters and enacting that aliens must take out their final naturalization papers before being entitled to vote; in California, consolidating the railroad, bank and insurance commissions, and endowing the single body with full control over public utilities and quasi-public institutions; in Michigan, permitting the state to improve the highways; and in Arkansas, permitting three-fourths of a jury to return a verdict in civil cases. — As to **the franchise and elections**: Oregon established direct primary elections, and provided that the names of candidates for the United States Senate should be placed on the official ballot and the votes for them certified to the legislature. Indiana also approved an act for primary elections; while Minnesota extended the system throughout the state, and altered the method of voting for Presidential electors so as to prevent "splitting." New York permitted women property-owners in towns and villages to vote on questions of local taxation. Kansas forbade the acceptance of more than one nomination by the same person, thus preventing fusion, and simplified the process of voting. Washington made the ability to read and write the English language a prerequisite to the exercise of the suffrage. Maryland altered the ballot law so as to disfranchise a large number of illiterate voters, mostly negroes. Maine permitted the optional use of voting machines in cities and towns; and New Hampshire divided its supreme court into trial and appellate branches. — Statutes respecting **penalties** were adopted: in Minnesota, authorizing the release of life prisoners on parole under certain conditions; in New York, providing for indeterminate sentences in specified cases; in Missouri, establishing a system of probation for juvenile offenders; in Pennsylvania, erecting a special court for the trial of such persons; in Maine, Oregon, Nebraska, Illinois and Indiana, prescribing rigorous penalties for kidnapping; and in Colorado, allowing a jury to determine whether death or imprisonment for life should be the penalty for murder. — Acts pertaining to **social relations** were approved: by New York, abolishing "common-law marriages"; by Minnesota, prescribing a medical examination for persons about to marry; by Florida, making insanity a ground for divorce; by Tennessee, forbidding the coeducation of the white and negro races; and by Missouri, preventing the admission into the state of vicious, afflicted or indigent children. New York also passed an act regulating the construction and operation of tenement houses, with reference to the morals and to the physical comfort of the occupants. The governor of Utah vetoed a bill intended to prevent prosecutions for polygamy. Gambling was prohibited in Wyoming and North Carolina, policy-playing in New York and prize-fighting in West Virginia. — **Industrial legislation** has been enacted in Missouri, Washington, Utah, Idaho and

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Minnesota, limiting the number of working hours in a day; in Missouri, Utah and Idaho, establishing boards of arbitration; in Utah, prohibiting compulsory resort to company boarding houses and stores for miners; in Colorado, repealing an act against boycotting and blacklisting; and in Kansas, creating employment agencies in cities. — Several states sanctioned **tax measures**. New York, for example, levied a series of taxes on the capital, surplus and profits of banks and trust companies. It also proportioned the assessment of certain business corporations to the amount of capital invested in the state, and put foreign corporations upon the same plane as domestic ones in regard to taxation upon an increase of capital. Similar measures were passed in Pennsylvania. Minnesota and Nebraska imposed a tax on inheritances, and the latter on the gross earnings of express companies as well. Maine increased its taxation of railroads, telegraphs, telephones, express companies and collateral inheritances, and levied a franchise tax upon corporations organized under the state law. Washington and Utah laid a tax upon inheritances, Tennessee upon railway cars owned by non-residents, North Carolina upon bank shares, incomes, inheritances and franchises of railroads. Other acts affecting **corporations** were passed: in West Virginia and New York, facilitating the process of incorporation; in Missouri and North Carolina, compelling foreign corporations to maintain an agency in the state; and in Kansas, establishing a railroad commission, with wide powers of supervision and regulation, fixing passenger fares and prohibiting discriminations in freight rates, as well as agreements between railroads to share their profits. Indiana and North Carolina enacted severe penalties for a corporation that should endeavor to control the output and price of commodities. — **Judicial decisions** by state supreme courts declared acts unconstitutional as follows: Nebraska, an act that created a state board of transportation (November 21); Colorado, an act that permitted verdicts to be given in civil cases by three-fourths of the jury (December 19); Illinois and Wisconsin, acts that forbade employers to discharge workmen for belonging to a labor union (December 20 and March 24); and New York, an act that prescribed the payment of "the prevailing rate of wages" to laborers employed on municipal contracts (February 26).

MUNICIPAL AFFAIRS. — Under this head may be mentioned the "crusade against vice" and the revision of the charter of **New York City**. In November the Chamber of Commerce started a vigorous campaign against the immorality, prevalent especially in the so-called "red-light" district, as well as against the practices of gambling and other evils, for which the complicity of the police was held to be largely responsible. That led to the formation of a committee of fifteen representative citizens, which succeeded in closing many abodes of vice and in procuring the punishment of their managers. The report of the charter-revision commission (*cf.* RECORD for June, 1900, p. 367), December 1, advocated a series of reforms in which a marked tendency toward simplification was manifest.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

An act embodying these reforms, with certain modifications, was passed by the legislature over the mayor's veto, April 22. It provided for a reduction in the length of the terms of the mayor and borough presidents to two years, for an enlargement of the powers vested in these officials, as also in the comptroller and board of aldermen, and for the abolition of the municipal council. The act further created a board of elections, separate from the police department, and replaced a number of administrative boards by single commissioners. Two acts previously approved by the legislature were also included: one substituting for the bi-partisan police board a commissioner of police, subject to removal by either the mayor or the governor, the other establishing a bi-partisan commission of elections. — The legislature of Pennsylvania passed certain so-called "ripper" bills, altering the charters of several cities and empowering the governor to appoint the chief officials in them.

LABOR AND CAPITAL. — A definite **settlement of the strike of the building trades in Chicago,** which has involved a loss of many millions of dollars to workmen and employers during its continuance of sixteen months, was attained early in February (see RECORD for June, 1900, p. 367, and for December, 1900, p. 751). Following the successive withdrawals of unions from the Building Trades Council, the Carpenters' Union, hitherto the mainstay of that organization, concluded an agreement with the Carpenters' and Builders' Association and similarly withdrew. In return for concessions relating to wages, the length of the working day, the enjoyment of half holidays, the prohibition of piece-work and the employment of non-union men, the carpenters accepted stipulations concerning the settlement of disputes by arbitration without stoppage of work, the abolition of sympathetic strikes, the use of apprentices, and abstention from interference with the amount of work to be done during any given time, with the kind of materials and with the direction of employees in working hours.

LYNCH LAW. — Forty-six victims have been reported under this head, five being whites, one an Indian, and the remainder negroes, including one negro woman. In six of the cases, at least, the victims were probably innocent. Of the total number of incidents, the southern states furnished thirty-eight. The majority of the crimes alleged to have been committed were rape and murder. In Kansas, Colorado and Texas mobs burned negroes at the stake. "White caps" in Missouri and Georgia killed or tortured negroes for refusing to leave communities when ordered so to do or for evading labor contracts. In South Carolina it was discovered that the convict lease system had been in one instance so manipulated by a sort of forced contract for labor as to result in the practical enslavement of negroes. — Indiana, the scene of four lynchings, has passed an act depriving of their offices sheriffs whose negligence may permit such violations of law to occur.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

II. FOREIGN NATIONS.

EUROPEAN INTERNATIONAL RELATIONS. — To the list of powers that have ratified the acts of the Peace Conference (see last RECORD, p. 753) the name of Switzerland is to be added. That country, however, did not approve the convention regarding the laws and usages of war on land. The requisite number of ratifications having been obtained, the Dutch Minister of Foreign Affairs announced, April 13, the **formal constitution of the permanent court of arbitration** at The Hague. The signatory powers have made the following appointments to membership in this tribunal: for the United States, Ex-President Benjamin Harrison (since deceased), Chief Justice Melville W. Fuller, Ex-Attorney-General John W. Griggs and Judge George Gray; for Great Britain, Lord Pauncefote, Ambassador at Washington, Sir Edward Malet, formerly Ambassador at Berlin, Sir Edward Fry, and Professor John Westlake, of the University of Cambridge; for France, MM. Léon Bourgeois, de Laboulaye, d'Estournelles de Contant and Renault; for Germany, Dr. Bingner, President of the Senate of the High Court, Herr von Frantzius, Councillor of the Foreign Office, Herr von Martitz, Councillor of the Superior Administrative Court, and Professor von Bar, of the University of Göttingen; for Austria-Hungary, Count Schönborn, President of the High Administrative Court, Professor Lammasch, of the University of Vienna, Herr Szilagyi, Ex-Minister of Justice, and Count Apponyi; for Italy, Count Nigra, Ambassador at Vienna, Count Tornielli, Ambassador at Paris, Sig. Zanardelli, the present Premier, and Senator Pagano-Guarnaschelli, First President of the Court of Cassation; for Norway and Sweden, M. Olivecrona, Ex-Assessor of the High Court, and M. Gregers Gram, Ex-Minister of State; for Denmark, Professor Matzon, of the University of Copenhagen; for Siam, Mr. Frederick W. Holls, of New York; and for Japan, Messrs. Motono and Denison. — In February, France and Italy assented to a convention providing for the extradition of persons charged with the attempted murder or kidnapping of the head of the state or a member of his family. — For the action of the European Powers in the Far East, see **The Chinese Situation**, p. 388.

GREAT BRITAIN AND IRELAND. — On January 22 occurred the **death of Queen Victoria** at the Isle of Wight, after a reign of nearly sixty-four years. Albert Edward, the Prince of Wales, thereupon took the coronation oath and assumed the title of Edward VII. — A special session of **the newly elected Parliament** (see last RECORD, p. 755) was held in December, to vote a supplementary appropriation of £16,000,000 for the armies in China and South Africa. Of this sum it was provided that £10,000,000 should be raised by exchequer bonds and treasury bills. On February 14 the regular session was opened by the King in person. On this occasion his use of the declaration provided by the Bill of Rights against transubstantiation called forth much objection on the part of leading Catholics,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

particularly in the House of Lords. **The speech from the throne** stated that the submission of the Boers must precede the establishment in the recently annexed colonies of institutions that would secure "equal rights to all the white inhabitants, and protection and justice to the native population." Aside from the budget, the important subjects recommended for legislation included a provision for the civil list, a reform in the composition and administration of the army, and changes in the final court of appeal necessitated by the expansion of the empire. As to matters of more domestic concern, the King advocated the addition of a series of amendments to the laws regarding education, copyright, the water supply, factories and the prevention of drunkenness; also the passage of an act regulating the voluntary sale of land to tenants in Ireland. The early deliberations of Parliament witnessed a number of sensational incidents. During the short session in December, vehement accusations of nepotism had been directed against Lord Salisbury, and Mr. Chamberlain was charged with having utilized his political influence to obtain pecuniary advantage in the making of contracts with the government. The regular session was attended by bitter personal recriminations between Lord Lansdowne, the Secretary of State, and Lord Wolseley, the ex-Commander-in-Chief of the army, in the House of Lords, over the respective merits of a civil or a military administration of the War Office, and by the uproarious conduct of the Irish Nationalists in the House of Commons. During a night session, March 5, eleven Nationalists, resenting an application of the closure on a certain project, declined to file into the division lobbies; whereupon, at the command of the Speaker, they were forcibly ejected from the House by the police. — The most important subject for legislation broached in Parliament was **the plan for reorganizing the army** and reforming the procedure of the War Office. As described by Mr. William St. John Brodrick, the Secretary of State for War, March 8, the scheme proposed to "decentralize administration and to centralize responsibility." It fixed the total strength of the army at 680,000 men, composed of six corps, three of regulars and reservists for foreign service, and three of militia, yeomanry and volunteers, for whom a special system of training should be provided. These were to be distributed among six military districts in the United Kingdom, in each of which the arrangements for administration should be complete. The several corps-commanders were to exercise a wide range of authority, and only those officers who had had experience in war should hold commands. The requisite number of regulars should be obtained by freeing soldiers from garrison duty abroad, while recruitment of the other bodies was to be rendered attractive by an enlargement of bounty and maintenance. The mode of enlistment, however, should remain voluntary. On this point the Secretary declared that, since "the country was willing to pay heavily to escape conscription," every means at the disposal of the government would be exhausted before proposing compulsory service. In the measure provision was made also for improvements in weapons, drill, shooting, the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tactical education of officers and the development of individuality among the men; while judicious reforms were projected for the various branches of the service. Finally, the military element in the War Office was to be guaranteed a greater degree of influence. — On April 18 the Chancellor of the Exchequer presented **the budget**, calling for an expenditure of £187,600,000, of which amount approximately £55,000,000 was a deficit. This expenditure the Chancellor proposed to meet by a loan of £60,000,000, and by additions to the ordinary taxes as follows: import duties on sugar products, an export duty on coal, an increase in the income-tax and a suspension of the sinking fund. — Other measures that have passed through the earlier stages of legislation fix the civil list of the crown at £470,000, and obviate the necessity of reappointing officials upon the demise of the crown. In the same class were bills to safeguard the marriage of aliens with British subjects in the United Kingdom; to establish an eight-hour work-day for miners; and to amend and consolidate the acts concerning workshops and factories, with special reference to the protection of workmen in dangerous trades.

THE BRITISH COLONIES AND INDIA. — On January 1 the formal **inauguration of the Commonwealth of Australia** was celebrated and the Earl of Hopetoun took the oath as Governor-General. The first federal cabinet was composed of Mr. Edmund Barton, as Premier and Minister of External Affairs; Sir William J. Lyne, as Minister of the Interior; Mr. C. C. Kingston, as Minister of Trade and Customs; Sir J. R. Dickson, as Minister of Defense; Mr. Alfred Deakin, as Attorney-General; Sir George Turner, as Treasurer, and Sir John Forrest, as Postmaster-General. The issue of the first federal election, March 29, showed a protectionist majority in the House of Representatives, as against a free-trade majority in the Senate. The presence, however, of several representatives and senators from the labor party has some influence on the tariff question. On May 9 the Duke of Cornwall and York formally opened the first session of the Commonwealth Parliament. — As to law-making in the individual states, Victoria passed an act in December granting pensions to persons of advanced age and to those whose occupation has rendered them permanently disabled. — Among the matters of moment in **India** that deserve mention was the creation in February of a new province on the northwestern frontier, under an agent directly responsible to the Indian government, thus supplementing the previous withdrawal of troops from the advanced posts. (See RECORD for December, 1899, p. 751.) In March the Legislative Council sanctioned a measure restricting the employment of women and children in mines.

FRANCE. — Early in December the Senate adopted the plan for enlarging the navy (see last RECORD, p. 757), at a total cost of 762,000,000 francs. The **promulgation of an amnesty law**, December 28, practically removed the official traces of the Dreyfus affair. As passed by the Chamber of Deputies, it granted amnesty for all offenses connected with

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

this agitation and not previously adjudged, but still permitted civil suits to be brought before the proper tribunals. An amendment provided for the exclusion of unauthorized religious communities from its benefits. Another measure of importance, approved by both the Senate and the Chamber, is intended to prohibit the manufacture and sale of absinthe and other noxious liquors. — The anti-clerical movement of the Republicans (see last RECORD) has received encouragement from a number of governmental acts, namely: a close vote of the Chamber of Deputies, December 11, on a resolution that forbade the celebration of mass at the opening of the judicial term; a decree of the Minister of Marine, that forbade compulsory attendance at religious services in the navy; and a decision of the Council of State, January 3, that invalidated an episcopal ordinance preventing the participation of the clergy at purely secular or Masonic funerals. This decision also declared that the enforcement of any papal commands without the sanction of the French government violated the liberties of the Gallican church. The publication of statistics showing that the real property held by clerical organizations in France was worth about 1,100,000,000 francs formed the prelude to a struggle in the Chamber of Deputies over a **bill to regulate associations**. As introduced January 16, the measure had a double purpose: first, to reform the system of corporate association; second, to lay restrictions upon the religious orders and their tenure of property in mortmain. It defined an association as a "convention whereby two or more persons permanently unite their abilities or activity for some design other than that of financial benefit." The act made such an association subject to the ordinary laws of contract and to the jurisdiction of the proper courts. It also provided for a due notification of the public authorities when an association was about to be established and for an official examination of its constitution and management. The clauses aimed especially at religious communities were those which provided that associations composed of Frenchmen and foreigners must obtain a charter of incorporation from the Council of State, and that bodies of Frenchmen who lived in common, or whose directors were foreigners or lived abroad, must secure legal recognition by a special act of the Parliament. Existing corporations that come within these categories must acquire the proper legal sanction, under penalty of dissolution. Other clauses limited the amount of real estate an association might purchase, and forfeited to the state any property held by an association under substitute ownership. Early in the session the anti-clerical majority in the Chamber, contrary to the desires of the Cabinet, adopted an amendment exempting all except religious associations from some of the most stringent provisions of the bill. Another amendment, prohibiting the members of an unauthorized religious association from giving professional instruction in any public institution, was accepted by the Ministry and was passed by a majority of 79. That assured the final passage of the act, March 30, by a vote of 303 to 224. The minister of public instruction

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

has since issued a circular, prohibiting any political propaganda by the distribution of pamphlets or otherwise in educational establishments.

GERMANY. — The session of the **Reichstag** opened November 14. In the speech from the throne the Emperor set forth the reasons for having taken the military and financial measures needful in China, without resort to a special session of the imperial legislature, and requested a grant of indemnity for any infringement of the constitution this action may have caused. The speech and the introduction of a supplementary budget to meet the outlay for the Chinese expedition evoked considerable **criticism of the Emperor** from the Radicals and Socialists, and even from the Centrists, based on his addresses to the troops, his neglect to summon the Reichstag and the whole policy of the government in dealing with the Chinese question. However, since a request for indemnity had been incorporated in the bill for the supplementary budget, the Reichstag sanctioned it, February 15. The Reichstag, also, in May approved acts for revising and amplifying the laws of copyright, and for regulating the purity of wines. A proposition, that involved an amendment to the constitution, was the bill of the Centrists providing for an ostensible freedom of creed and worship in the Empire, through a removal of the limitations imposed by individual states upon religious communities. This plan the Chancellor declared the Federal Council could not accept, for it encroached upon the constitutional autonomy of the states. Late in April the Federal Council decided to establish an imperial supervision over the interstate waterways. — At the opening of **the Prussian Landtag**, January 8, the important legislation proposed included certain measures designed to give relief to agriculture and the Rhine-Elbe canal bill, in a revised and extended form (*cf.* RECORD for December, 1899, p. 754). This latter bill is so framed as to meet the objection previously raised against it, as benefiting only the western half of the monarchy, and provides for an elaborate system of canalization and improved waterways, at an estimated cost of 390,000,000 marks. In order to placate the agrarian opposition to the scheme, Count von Buelow stated, January 26, that the government intended to expedite the passage of a tariff act in the Reichstag raising the duties on agricultural products. This proposal, however, did not have the effect desired, and on May 3 the Landtag was abruptly prorogued. The resignation of Dr. von Miquel, the Minister of Finance, was followed by a reorganization of the Prussian cabinet. — A comprehensive ordinance for the German colonies, which went into force January 1, defined the legal relations of the inhabitants, native and foreign, reformed the civil and criminal procedure, abolished special regulations for individual colonies, and safeguarded the acquisition of patent and copyright.

AUSTRIA-HUNGARY. — The most noteworthy fact in the results of **the elections for the Reichsrath**, held during December and January, was the strengthened position of the radical nationalist element among both Germans and Czechs, at the expense of the Moderates, Social

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Democrats, Clericals and Christian Socialists (Anti-Semites). The acuteness of the language question explained the defeat of several Moderates and Social Democrats in Bohemia, while the revolt of the constituencies against the ultramontanism of the Clericals and Christian Socialists accounted for the diminution of their power in Austria. — **The Emperor's speech** at the opening of the Reichsrath, February 4, was highly significant. After unfolding an extensive program of industrial, social and economic reforms, the Emperor proceeded to dwell upon the blessings which the constitution, "granted to his estates in the exercise of his free will," had bestowed upon the country. However, he signalized the necessity of "ascertaining more precisely the constitutional arrangements regarding the discretion of the government in cases of emergency, so that the rights of national representation should be adequately safeguarded and the responsibility of the government clearly delimited." And, while insisting that the government must maintain German as the official language in certain branches of the administration (especially in the army), he exhorted the twenty-four party groups in the Reichsrath to desist from a racial strife that had tended to paralyze popular representation. In the early sessions, nevertheless, **racial, political and religious distraction** prevailed as usual among the multifarious factions. Persistent use of one language or another and interpellations on rulings from the chair kept the Reichsrath in an uproar. To racial animosity was added religious bitterness, especially when the alleged evils connected with the Roman confessional came up for discussion. At length Dr. von Koerber, the President of the Ministry, declared that the government would continue its policy of "dispassionate perseverance," but warned the obstructionists that, in view of the terrorism now prevalent in the Reichsrath, the government must eventually resort to force, if the work of legislation could not otherwise be accomplished. This intimation, coupled with a variety of judicious concessions, appeared to have a quieting effect upon the more riotous members; and the Reichsrath proceeded to consider various projects of immediate interest, such as the raising of recruits, the taxation of spirituous liquors and the financial means for extending the system of state railroads and waterways. On the measure first named, the Reichsrath came to an agreement, and it also chose the Quota-Deputation and the Delegation.

RUSSIA. — Beginning in December at the University of Kieff, a series of **agitations and outbreaks among students and workingmen** spread to St. Petersburg, Moscow and other university centres. Irksome restrictions upon the quasi-political student organizations, the practice of drafting recalcitrant students into the army and a certain amount of industrial stagnation are assigned as the immediate causes of the ferment. The severe punishment of the students was followed by the assassination of M. Bogoliepoff, the Minister of Public Instruction. During March violent collisions of students and workmen with the police and military became

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

frequent, particularly in St. Petersburg and Moscow. These resulted in the death of several students and the imprisonment of many others, including women. Against the wholesale arrests and maltreatment the learned classes framed protests, and even prominent military officers pleaded against the conception of the army as a penal institution for refractory students. Early in April, therefore, the Czar resolved to dispense with this mode of punishment, and appointed General Vannovsky, a man of moderate temperament, as Minister of Public Instruction, with the command to undertake a thorough revision of the educational system. — It is reported that **concessions to Finland** in the matter of military service were granted, in March, by an order of the Russian Imperial Council abolishing the reserve and prohibiting the dispatch of Finlanders to Russia, except in time of war, and the incorporation also of Finnish battalions in Russian regiments.

ITALY. — The approval of the budget and the retirement of the Minister of Finance late in December, on account of a difference with the Chamber of Deputies over prolonging the legal circulation of banknotes, were followed in February by the **overthrow of the Sarocco Ministry**. In a debate over the vacillating policy of the Cabinet in dealing with a labor exchange in Genoa, a momentary coalition of the Right and the Left secured the passage of a direct vote of censure, 318 to 102, whereupon the Ministry resigned. The **new Cabinet**, as formed by Signor Zanardelli, through a combination with Signor Giolitti, was predominantly Leftist, although a few members of the Centre and Right held office, and among them two survivors of the former Ministry. In March Signor Zanardelli announced the purpose of the government to introduce a **reform in taxation**. The plan included a positive diminution in the amount of taxes by about 40,000,000 lire, the abolition of certain *octroi* duties, the reduction of the tax on salt and the covering of any deficit chiefly by a progressive inheritance tax. In spite of the efforts of the Ministry, the Chamber referred the scheme to a hostile committee for consideration.

SPAIN. — Following the anti-tax disturbances of last year, the course of events since November has been marked rather by the **prevalence of anti-clerical demonstrations**. Briefly summarized the causes were: first, the highly unpopular marriage of the Infanta Maria de las Mercedes (eldest sister of Alphonso XIII), February 14, to a scion of the reactionary Bourbon house, who is also a Carlist supporter; second, the virulent propaganda maintained by the ultramontanes against liberal principles; third, the revelation that the religious training of the youthful king had been intrusted to a Jesuit bigot; and especially the immuring of a young heiress in a Jesuit nunnery against the wishes of her parents. The production of *Electra*, a play depicting this last circumstance, did much to arouse popular fury in various cities against the clergy. Mobs attacked the persons and property of Jesuits wherever found. Struggles with the police and military, however, were succeeded in February by the imposition of martial law at Madrid and elsewhere. — Meanwhile the position of the Azcarraga Ministry, which had

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

been set up primarily in order to carry through the marriage of the Infanta, had been growing weaker. Differences of opinion on the subject of reorganizing the army, the rejection by the Cortes of a proposal to consolidate the floating debt and the anti-clerical agitation just described brought on the **retirement of the Cabinet**, February 26. Señor Sagasta then accepted the task of constructing a Liberal Ministry, which decided, March 18, to dissolve the Cortes. Furthermore, the new Cabinet resolved to effect an **abatement of clerical privileges and exemptions**. It ordered taxes to be levied on all religious orders engaged in industrial pursuits, and declared that it would not only proceed vigorously against unauthorized religious communities, but would also drive out the influence of clericalism from public education.

MINOR EUROPEAN STATES. — An anti-clerical spirit similar to that in Spain has manifested itself in **Portugal**. The bold attempt of agents employed by the Jesuits to kidnap the daughter of the Brazilian consul in Oporto, for lodgment in one of their institutions, provoked riots in the streets and caused the government to suppress a few of the monastic congregations. In April the government also issued a decree secularizing religious associations, and stringently regulating their composition and activities. — By a decision of the Federal Council in February, the cantons of **Switzerland** are henceforth to regulate the process of naturalization. — The **agitation of the Macedonian Committee**, directing a secret organization for wresting the independence of Macedonia from Turkey (*cf.* last RECORD, p. 761), has kept Balkan politics somewhat in a ferment. House-to-house visitations by the Turkish authorities have revealed quantities of revolutionary literature and repositories of arms. Many alleged conspirators were imprisoned, and several armed encounters took place between Turkish soldiers and insurgents from both Macedonia and Bulgaria. — As a result of the elections to the Sobranje of **Bulgaria** in February, a new coalition Ministry of Russophil leanings was formed to deal with the financial problem. — Friction with Bulgaria, caused by the sympathy of its people for the Macedonian agitators, the activity of the Young Turks and other opponents of misrule and the outbreak of a rebellion in the Arabian province of Yemen were signs of **unrest in Turkey**. In order to defray the cost of the military expeditions necessitated by these circumstances and the cost also of a proposed reorganization of the navy to increase its strength, the Porte began negotiations in March with German capitalists for a loan of T£3,000,000, which is to be guaranteed by surtaxes on the ordinary taxes and internal customs duties. As to foreign relations, Turkey failed to procure the revocation of a recent order of the Russian Minister of the Interior, forbidding the arrest of Ottoman subjects on Russian soil for military purposes. On the other hand, Turkey is said to have conceded the demand of Russia for the erection of a special court to try turbulent Kurds. In April, the foreign Ministers at Constantinople settled a dispute regarding the Græco-Turkish consular convention, whereby the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

rights of Greek subjects and Greek consular jurisdiction are to be maintained in Turkey. — A commercial treaty, with special privileges to Greek religious and educational establishments, was concluded in January between Greece and **Roumania**, through the approval of the Parliament of the latter country. Late in February, on account of a divergence of opinion with the lower house on financial policy, a Liberal ministry came into power in Roumania. — A **new constitution for Servia** was promulgated April 19. It established a Senate of fifty-one members, thirty of whom were to be nominated by the Crown, and it guaranteed equality before the law, as well as freedom of elections, speech, press, association and assemblage. Prior to this the Skupshtina adopted a bill, January 28, safeguarding the position of the judiciary. It provided that the Crown should appoint judges from a list prepared by a special college of jurists and that the judges should not be liable to dismissal or transference without proper cause. The Skupshtina also approved, February 1, a measure for reforming the army by a reduction in the term of service, an improvement in the examination of officers and an extension in the powers of the general staff. — In March a thoroughgoing reorganization of the municipalities was inaugurated in **Montenegro**, whereby the citizens of each community will be permitted to elect a municipal council by universal suffrage and the local revenues will be applied wholly to local needs.

THE CHINESE SITUATION. — Although international activities have been concerned chiefly in efforts to adjust by diplomatic methods the complications arising out of the recent events in the Far East, **the military aspect** did not lose all importance. From time to time Count von Waldersee deemed it advisable to send out expeditions for various purposes, such as: the punishment of Boxers and other fanatical or predatory bands, the dispersion of threatening bodies of Chinese soldiery, the rescue of beleaguered missionaries and the salutary impressment upon the Chinese Court of the necessity for submission to the wishes of the foreign powers. As a rule, only German, French and British troops participated in these movements. — Protracted conferences among the ministers of the eleven foreign powers represented at Peking over **the terms preliminary to the restoration of peace** resulted in the formulation of a note which was handed to the Chinese plenipotentiaries December 24. It contained the following stipulations, by way of reparation for injury: an infliction of the "most severe punishment befitting their crimes" upon the persons named for that purpose in the imperial edict of September 25, 1900 (see last RECORD, p. 766), as also upon such others as the foreign representatives might hereafter designate; and the adoption of financial measures, satisfactory to the powers, for guaranteeing the payment of indemnities. It was further required that the Chinese government should perform a number of expiatory acts, including the dispatch of an imperial prince to Berlin to express regret for the assassination of the German Minister, Baron von Ketteler, and should suspend official

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

examinations for five years in all localities where foreigners have been killed or barbarously treated. The note also comprised a number of military safeguards for the future, *viz.:* a prohibition of the importation and manufacture of warlike materials; the maintenance of permanent legation guards in Peking and a fortification of the part of that city to be reserved exclusively for the foreign diplomatic corps; the destruction of Chinese forts that might obstruct free communication between Peking and the seaboard; and the occupation by foreign troops of certain strategic points, to insure such communication. Other articles provided for the posting of imperial edicts forbidding membership in any anti-foreign organization and for holding officials of every rank responsible for the safety of foreigners. Finally, it was made incumbent upon China to negotiate with the powers for a revision of the commercial treaties, to reform the Tsung-li-Yamên (Foreign Board) and to modify the court ceremonial for the reception of foreign ministers in such a manner as the powers might determine. After considerable objection to the military and punitive arrangements, the Chinese government accepted the terms January 12. Since that time the representatives of the powers have been discussing the interpretation of this preliminary agreement, with special reference to **the questions of punishment and indemnity.** About the matter of punishment the main difficulty was the actual ability of the Chinese government to inflict the penalties upon the guilty officials designated. On this point the United States, Japan and Russia preserved a consistent attitude in favor of an expedient lenity. The powers differed so much, however, on the precise amount of the indemnity, its allotment and its method of collection, as to produce virtually a diplomatic deadlock. Here again the United States doubted the ability of China to pay more than the equivalent of $200,000,000, and tried without success to obtain a general acquiescence in this estimate, as well as in a further suggestion that a lump sum be fixed and distributed among the powers proportionately. Just as futile was a proposition of the American government, put forward in January, that, in order to expedite the negotiations, the work of settling the indemnities and of preparing commercial agreements be intrusted to an international commission, sitting at the capital of some interested power. Great Britain, Japan and the United States made a similar effort in April, by urging the powers to accept commercial advantages as a partial satisfaction of the financial demands. At length, May 8, the ministers fixed the amount of indemnity up to July 1, 1901, at 450,000,000 taels ($325,000,000). — Despite a multitude of imperial edicts, the actual **execution of the agreement** was quite unsatisfactory. The earliest edict appeared November 13 and decreed the infliction of various penalties on certain named officials, including life imprisonment for Prince Tuan. Since, however, the foreign envoys did not regard the punishments as adequate, preparations were begun in February for a military expedition to Singan-fu, presumably to seize the persons of the Emperor

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and Empress Dowager. The threat proved to be efficacious, and the Chinese government complied officially with the demands of the ministers. A number of other edicts, issued at intervals, professed also to fulfill the requirements of the treaty. No impediment, furthermore, was put in the way of foreign missionaries, who procured on their own initiative from local officials the satisfaction of many of their claims. An important edict, published in February, however, ordered the chief dignitaries of the empire to suggest fundamental reforms in all branches of the administration, on the basis of the practices in foreign countries. As this did not seem effective, the Chinese government established for the purpose in April a "General Board of State Affairs," two of its members being the present peace commissioners, Ching and Li Hung Chang. Whatever reforms advocated by this board are deemed applicable to Chinese conditions will be put into force as soon as the court returns to Peking.— Meanwhile, **the policy of Russia regarding Manchuria** (*cf.* last RECORD, p. 763) held a share of international interest. It appears that in December the Russian military authorities made an arrangement with the Chinese military governor of Manchuria, whereby China was to resume the civil government of the southern part of the province, upon certain conditions. These were tantamount to an acknowledgment of Russian control over the civil and military organization, through a political Resident at Mukden. The Russian government subsequently amplified the conditions, so as to apply them to all of the province, and in February presented them to China in the form of a convention. It provided for an increase in the number of Russian soldiers protecting the railway, until the pacification of Manchuria had become assured and a due compliance made with the further stipulations. China should forbid the importation of arms and should station no troops in the province. Its police were to be placed under Russian direction, and Russian drill-masters alone were to take charge of Chinese soldiers and sailors "in the northern places of China." Concessions for railroads, mines and the like in Manchuria, Mongolia and Chinese Turkestan should be granted solely to Russians. Finally, China was to make a special arrangement with Russia to pay the indemnity for the destruction of the Manchurian railway. In view of the fact that all the interested nations had recognized the territorial integrity of China (see last RECORD, p. 763 *et seq.*), several of them, including the United States, Great Britain and Japan, addressed remonstrances to the Chinese government against making any separate agreement that would tend to impair the territorial or financial independence of China. The United States also obtained from the powers a general assent to the principle that, during the present negotiations, no power should acquire individual concessions in China without international consent. Russia, meanwhile, had intimated to China that it would modify the terms in several important particulars, relating to the exercise of military power and to the grant of exclusive privileges outside of Manchuria. To the foreign governments

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Russia explained the convention as merely a *modus vivendi*, designed to facilitate the withdrawal of the Russian forces. Relying, however, upon the assurances of the ministers of the protesting powers, and sustained by a semblance of public opinion voiced by the Yang-tse viceroys, in March the Chinese government refused to sign the convention.

AFRICA. — In some respects the character of **the war in South Africa** waged since November, 1900, has differed from that described in the previous RECORD (p. 766). Several parties of Boers invaded the Cape Colony in December, and during the progress of their movements penetrated southward to within two hundred miles of Cape Town. Martial law was accordingly set up practically throughout the colony, until most of the Boers had been driven back. The marked increase in the number of Boer prisoners, as well as in the number of voluntary surrenders among the Boers and the seizure of vast quantities of livestock and other supplies belonging to them, indicated a slow but steady quelling of resistance to British authority. In order to promote this progress, and at the same time to guard his communications more effectively, Lord Kitchener, who succeeded Lord Roberts in the supreme command of the British armies in South Africa, November 29, proceeded to inaugurate new military arrangements. Not only did he withdraw garrisons from isolated points, but he enforced a sort of reconcentrado system, by which certain areas of the former Boer republics were denuded alike of inhabitants and of the means of subsistence. He introduced, also, what has been termed the "checkerboard" plan of operations, whereby the spheres of military activity were divided into districts supervised by a fixed patrol. In April the announcement appeared that henceforth death, instead of the comparatively mild penalties hitherto inflicted, might be visited by court-martial upon all persons guilty of overt treason. The British, however, could not capture the wily General De Wet, although they seemingly cornered him on several occasions. — The dwindling forces and resources of the Boers, which prevented their holding British prisoners after capture, nerved some of the commanders to threaten with death all burghers who did not join them and in a few cases to shoot peace envoys who had been sent by Boers acting under the advice of Lord Kitchener. Despite these checks and the fact that many irreconcilable Boer families trekked into German Southwest Africa, the party of conciliation had a fair amount of success. In fact, Louis Botha, the Boer Commander-in-Chief, approached Lord Kitchener February 13, with **negotiations for peace.** The terms offered by Great Britain embraced a grant of amnesty to the citizens of the erstwhile Boer republics, when all hostilities should have ceased; the return of the exiled Boer prisoners; the erection of a Crown government, with an assurance of ultimate self-government; and practical equality of the Dutch and English languages in public schools and in the courts of law. They included, also, the immunity of farmers from special taxation to meet the cost of the war; a grant of £1,000,000 to indemnify inhabitants who had lost property

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

through requisitions by the late republics; and the possibility of a state loan to farmers who had otherwise suffered in their property during the course of the war. The British government, however, declared its intention to approximate the legal position of the natives in the new colonies to what it is in the Cape Colony and also to confer the franchise upon these persons as soon as representative institutions should have been established there, although with due caution to maintain the political supremacy of the white race. Since the Boers objected to the exclusion of colonial rebels from the amnesty, to the propositions for loans instead of direct grants, and to the enfranchisement of the colored peoples, the negotiations abruptly terminated. — An indication of the approach of civil government was the appointment, December 13, of Sir Alfred Milner as Administrator of the new colonies. Sir Walter Hely-Hutchinson was thereupon transferred as governor from Natal to the Cape Colony. The proclamation of King Edward VII as "Supreme Lord of and over the Transvaal" was designed to promote pacification, by fostering conceptions of the personal relationship of the King to his new subjects and of the "moral entity" of the former republics, apart from their membership in the British empire. — No success attended **the mission of Ex-President Krüger** to Europe for intervention. France greeted him with popular ovations and legislative resolutions of sympathy. Similar popular enthusiasm marked his arrival in Germany, but, unlike the President of France, the German Emperor declined to receive him. Mr. Krüger thereupon took up his residence in Holland. — Outbreaks of the Somali natives occurred in British East Africa and along the Anglo-Abyssinian frontier, requiring the dispatch of strong punitive forces. The French also had several encounters with the Moroccan Berber tribes along the southwestern border of Algeria, and in April quelled an uprising of an Arab tribe on the northern coast.

LATIN AMERICA. — In the legislative action of countries under this head may be noticed the enactment of a law in Peru for maintaining the parity of gold and silver currency. An official decree excluded all fire insurance companies from Costa Rica, on account of a tendency to over-insurance. Uruguay prohibited the landing of Jesuits and other clerical immigrants from Europe. — The Bolivian Congress, November 28, declined the proposal of Chile to convert the existing armistice into a definitive peace, unless a port on the Pacific were conceded. On the other hand, the Chamber of Deputies in Chile, January 19, rejected a convention, already approved by the Chilian Senate and by the Congress of Peru, for ascertaining the form of the plebiscite by which the inhabitants of the provinces of Tacna and Arica shall decide to which country they would owe allegiance. — In April Mexico accredited a representative to the Argentine Republic, and began preparations for resuming diplomatic relations with Austria-Hungary.

WILLIAM R. SHEPHERD.

COLUMBIA UNIVERSITY.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED